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Peking Resumes
Criticism of U.S.
As a Superpower

By Christopher S. Wren

PEKING — After singling out Moscow for months as the principal threat to world stability, China has resumed its criticism of the United States as a superpower vying with the Soviet Union for hegemony over the Third World.

The change of tone, which has characterized several articles in the official press over the last few weeks, was particularly evident in a lengthy new appraisal of U.S. foreign policy circulated Saturday night by the Chinese news agency in its year-end roundup of international problems as viewed from Peking.

The United States and the Soviet Union belong to the same category. In the eyes of the other countries, they are the superpowers, and each is the other's number one adversary. They alone pose a formidable threat to each other and imperil each other's strategic interests and security," said the commentary, which was attributed to the agency's Washington correspondent, Peng Di.

Such a portrayal was familiar under Mao in the last two decades. But with the establishment of diplomatic relations between Washington and Peking and the development of commercial ties, the new leadership of Deng Xiaoping muted the revival of the ideological formulae have suggested at least two reasons for it.

The first is that China, having emerged from the isolation of the Mao years, is trying to enhance its image as an active champion of the developing world. This was shown in its participation at the North-South economic dialogue in Mexico in October and in its blocking of the re-election of Kurt Waldheim in favor of a new UN secretary-general from the Third World. The second reason is that Mr. Deng's regime is clearly unhappy with the Reagan administration's tentative plans to sell new jet fighters to Taiwan and may be distancing itself in anticipation of possible domestic criticism.

"We have put our message through to American officials and

most of it has gotten through," a senior Chinese diplomat said recently. If the Reagan administration goes ahead and sells the planes to Taiwan, he said, "it doesn't leave us much room to maneuver. We won't have much choice except to retaliate strongly."

The Chinese government has avoided spelling out what steps it would take. The expectation in Peking is that the Chinese government has declared that mixing ideology and industry is correct. Page 5.

China's party Central Committee has declared that mixing ideology and industry is correct. Page 5.

king diplomatic quarters is that Mr. Deng would have to downgrade relations to some extent to placate hard-liners in the government and party who would question the advantage of his accommodation with Washington.

When Premier Zhao Ziyang visited North Korea last week, he accused the United States by name of helping cause instability in northeast Asia and reiterated Chinese support for Pyongyang's demand that U.S. troops withdraw from South Korea.

The commentary by the news agency said that the most crucial aspect of U.S. foreign policy involved the Third World, particularly the Middle East and South Asia, which it said were the targets of Soviet expansionism.

The news agency said Washington often "fails to treat the Third World countries as equals" and instead shores up its "old friends, so long as they are pro-American and anti-Communist."

The commentary charged that the United States was not reluctant "to interfere in the affairs of other countries, even at the expense of its own long-term strategic interests. Its approach to China's Taiwan is a case in point."

China has periodically accused the United States of giving the Soviet Union an advantage in the Middle East by blindly supporting Israel. The latest official analysis of the Reagan administration's foreign policy also questioned its concern over Nicaragua and El Salvador.

"It is one thing to counter Soviet and Cuban expansionism; it is another to oppose the people of those countries rising in revolution," the news agency said.



Armored vehicles line a street in Gdansk, which was reported calm after several strikes were ended.

Haig Says Risk of Soviet Intervention May Have Increased

By Don Oberdorfer and John M. Goshko

WASHINGTON — Secretary of State Alexander M. Haig Jr. says that martial law in Poland has not succeeded and that the danger of Soviet intervention may be greater than it was before the military crackdown two weeks ago.

Mr. Haig, in an interview Saturday, said, "Passive resistance in my view will continue, and it will be aggravated by the consequences of economic stagnation and social-economic privation."

He said it is "much too early" to conclude that the danger of direct Soviet intervention has receded, adding: "I think it may even be more possible than before these events occurred."

"Martial law has not succeeded, and it would be premature to suggest that it had," Mr. Haig said. "Once the decision was made to institute repression, the prospects of applying what is necessary to achieve that outcome are stronger rather than weaker."

[President Reagan, according to accounts published in several Sunday newspapers based on interviews, said that a summit meeting with Soviet leader Leonid I. Brezhnev is likely in 1982. He also said that he believes the Polish people should have had the chance to vote in the referendum proposed by the Solidarity trade union.]

[Separately, the White House confirmed that Mr. Reagan has received a reply to his letter to Mr. Brezhnev on Poland last week. The Associated Press reported. In the letter, Mr. Reagan warned the Soviet Union that the United States "will have no choice" but to impose political and economic sanctions against Moscow if repression continues.]

[An administration official said the Brezhnev letter was being studied closely and he would not comment on its contents. It was received in Washington late Friday, he said. In a speech Wednesday, Mr. Reagan said he had sent Mr. Brezhnev a letter "urging him to permit the restoration of basic rights in Poland."]

Mr. Haig also said "the calculus" in future choices in Warsaw and Moscow has been affected by the decision, after months of painful tolerance, to resort to force against the Solidarity union movement.

While communications between Poland and the Soviet Union are reported by U.S. intelligence to be extremely active, there has been no report of major troop movements in Russia that would suggest direct Soviet intervention. Mr. Haig's concern, as he expressed it, seemed to be based primarily on the continuing danger of bloodshed and civil strife that could not be contained by Polish authorities.

According to Mr. Haig, Gen. Wojciech Jaruzelski imposed martial law "either in response to Soviet pressure or as a decision made in Moscow." Mr. Haig did not say conclusively which he believes to be true.

Mr. Haig said Gen. Jaruzelski's address to the Polish people Thursday night was the first response to President Reagan's televised remarks on Poland Wednesday night and his personal letter to Gen. Jaruzelski the day before. Mr. Haig suggested that the postponement of Gen. Jaruzelski's speech from Wednesday, its previously expected time, until Thursday was in order for him to hear first what Mr. Reagan had to say.

Mr. Haig said Gen. Jaruzelski's speech was extremely moderate in tone but added that it failed to contain assurances that martial law is being revised. Mr. Haig noted that the initial actions of the Polish leadership, which he described as a military junta that has supplanted the government and the Communist Party, were couched in moderate language but were "steely" in character.

Mr. Haig said that the internal dynamics in Poland, including re-

ports of discussions between the generals and the influential Roman Catholic Church, suggest that a move toward reconciliation is still a possibility.

In assessing Gen. Jaruzelski's role, Mr. Haig discussed two broad schools of thought: that the Polish leader is a patriotic nationalist seeking to prevent Soviet intervention, or that he is a Soviet proxy seeking to turn back the clock in Poland to the days before the rise of Solidarity as an independent union in August of last year.

"I think either of these extremes is a misreading," he said. "The truth is somewhere between the two, but probably closer to the latter."

Mr. Haig cautioned against accepting either judgment in full, apparently because of the consequences of either conclusion. If martial law is seen as a nationalist effort to stave off the Russians, the West might be expected to support it. U.S. policy at present runs strongly in the other direction.

If, on the other hand, Gen. Jaruzelski is a Soviet proxy, the West might be expected to support it. U.S. policy at present runs strongly in the other direction.

Meat Ration Cut
For Some Poles;
Miners Hold Out

From Agency Dispatches

VIENNA — Warsaw Radio announced Sunday that the meat ration for Poles other than manual workers would be cut next month, and it reported that more than 1,100 coal miners were still holding out in an underground protest strike in Silesia.

The radio, which called on state and private farmers to step up food deliveries, said that only large imports of meat from the Soviet Union and other Eastern bloc countries had allowed the ration for miners and other manual workers to be maintained at its December level. It cited a serious shortage of supplies as the reason for the reduced rations.

In Rome, Archbishop Luigi Poggi, Pope John Paul's special envoy to Poland, said on his return from Warsaw that Lech Walesa, leader of the now-suspended Solidarity trade union, had not been in contact but was in what he called enforced residence.

Archbishop Poggi, who met with Gen. Wojciech Jaruzelski, who is premier, party leader and head of the military council, said he had not met with Mr. Walesa but was told that the union leader was allowed to attend Sunday mass.

Warsaw Radio said that more than 1,000 Silesian miners were continuing to occupy the Fiat colliery in protest against the military takeover Dec. 13. A physician who went into the mine was said to have reported that most of the miners were in need of medical attention.

Solidarity Documents

Documents reportedly circulated by members of the Solidarity union indicated that major sit-ins had been ended in Gdansk at the oil refinery, the shipyard and the port. They said some mines in Silesia had been taken over by security forces and, at one mine, strikers had been gassed and forced to the surface.

When they revived, they were forced back to work at gunpoint and then refused were arrested, the documents said.

Independent reports reaching the West said that hard-liners seemed to be reasserting control over the party at all levels and that purges were going on from top to bottom on the same scale as occurred in Czechoslovakia after the 1968 Warsaw Pact intervention there.

"There are only careerists and Stalinists left," the reports quoted a party source as saying. Disarray, shock and anger were said to have spread through party ranks after the proclamation of martial law, and many members were said to have turned in their party cards.

Other reports reaching the West said Solidarity was secretly circulating documents that said that the West had helped in Gdansk and Wroclaw during fighting with security forces. The military government has insisted that the only violent deaths since the army takeover occurred in Silesia on Dec. 16, when seven people were shot and killed at the Wujek coal mine.

Loyalty Oaths

The appearance of the Solidarity documents suggested that the trade union had maintained some sort of organization despite the arrest of most of its leaders.

The union appears to be collecting information about encounters with security forces, and other union documents said purges were under way in newspaper offices. The documents said journalists were being interviewed by military officials and were being asked to sign pledges of loyalty to the military authorities.

The publications said that a purge had been completed at Kurier Polski, the newspaper of the Communist-affiliated Democratic Party, and that only 20 percent of the journalists had agreed to the loyalty pledge. The others were reported to have been dismissed.

Word reached the West through independent sources of some trouble in the ranks of the army. The sources said a family had been officially told their son had been shot for "dereliction of duty" and were informed where his body could be picked up.

In Washington, three prominent Polish-Americans, the lives of two leading intellectuals arrested in Poland were in danger. They said in a statement that they had learned that Jacek Kuron and Adam Michnik had been beaten and tortured.

Mr. Kuron, 47, was an adviser to Solidarity and Mr. Michnik, 35, is a historian. The statement appeared in government and international organizations to intervene to save them.

Another report quoted the father of Mr. Kuron as saying he believed his son was in a detention center in Gdansk. Mr. Kuron's son and wife were also detained, Mr. Kuron's father said. "The two men are fine. I'm sure," he said, according to the report.

Cambodia: A Diplomatic Dilemma for Asia and U.S.

By William Branigan

BANGKOK — Three years ago, two columns of Vietnamese troops spearheaded by tanks drove into neighboring Cambodia at the head of a massive invasion force. Less than two weeks later, the vanguard of the Vietnamese blitzkrieg rolled into the capital of Phnom Penh and installed a new government.

The consequences of the Christmas Day invasion continue to preoccupy Southeast Asia today, shaping relations among the states of the region and between each of them and the rest of the world. But the Vietnamese occupation of Cambodia has wider implications as well, for it embodies the larger conflict between China and the Soviet Union.

At the same time, it illustrates the reduction of the U.S. role in the region since the Vietnam war ended.

As far as Cambodia is concerned, the U.S. role has been reduced to following the lead of the region's grouping of non-Communist states, the Association of South East Asian Nations, which includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

For ASEAN and Western



A Khmer Rouge soldier poses beside a Chinese-made truck in western Cambodia.

countries, the problem has been complicated by the dilemma of supporting a regime that most of them find abhorrent: the deposed Communist Khmer Rouge government is blamed for the deaths of a million to two million

Cambodians during its rule from 1975 to 1979.

ASEAN countries believe their diplomatic and political support is necessary because the Khmer Rouge fields the most effective resistance to the Vietnamese oc-

cupation and, as the holder of Cambodia's seat in the United Nations, serves to deny international recognition to Hanoi's handpicked government in Phnom Penh.

Now, however, as the Viet-

namese occupation drags into its fourth year, the Cambodian issue shows signs of becoming even messier.

A concerted ASEAN effort to spruce up the image of the Khmer Rouge government appears to be running into trouble. Government changes in Phnom Penh, while still mysterious, seem to indicate a tightening of hard-line Vietnamese control over the Cambodian administration. Moreover, there are signs of preparations for intensified new fighting during the current dry season.

A Western diplomat who monitors Cambodia closely said the Vietnamese seemed to be moving toward smaller-scale operations aimed at regaining the initiative in some areas against the 30,000 to 40,000 Khmer Rouge guerrillas.

After reaching a low point following Vietnam's invasion during the 1978-79 dry season, Khmer Rouge military capabilities began to recover toward the end of 1979, growing stronger last year. And with the Vietnamese forces suffering logistical and morale problems, diplomats said, the Khmer Rouge this year were able to take the initiative.

In effect, the Cambodian war (Continued on Page 4, Col. 5)

Abductors Release Photo of General

From Agency Dispatches

MILAN — The Red Brigades on Sunday night released a snapshot of kidnapped U.S. Brig. Gen. James L. Dozier and announced the start of his "people's trial," but the urban guerrillas issued no conditions for his release, police reported.

The abductors broke eight days of silence with a telephone call to an Italian news agency saying they had left the photograph, a communiqué and a long document called a "strategic resolution" in a trash basket in central Milan.

The photograph showed the general's face, a dark spot under his left eye, beneath the group's five-pointed star symbol. Gen. Dozier, 36, appeared to be holding a sign, but the news agency ANSA, which picked up the photo, said the sign was apparently a highly professional montage. Part of the sign read, in Italian, "The crime of capitalism breeds imperialism war."

Only anti-imperialist civil war can bury war."

Police said the snapshot of Gen. Dozier appeared to be genuine.

"People's Trial" Claimed

The communiqué was the second issued by the Red Brigades since Gen. Dozier was abducted from his apartment in Verona on Dec. 17. After announcing the start of the general's "people's trial," the communiqué said: "This pig, this killer is a 'hero' of American massacres in Vietnam, where for his 'merits' he earned various decorations."

Gen. Dozier, deputy chief of staff for logistics and administration at NATO's Southern Europe land forces base in Verona, fought in the Vietnam War.

"Comrades, proletarians, the proletarian trial of the pig Dozier has begun," the three-page communiqué said, according to police reports.

The document did not mention Gen. Dozier.

The Red Brigades, who were responsible for the 1978 abduction and murder of former Premier Aldo Moro in 1978, have said they were holding the general, the high-ranking U.S. officer at the Verona base, in a "people's prison."

The police said the latest communiqué contained no demands or conditions for his release.

The document on the urban guerrillas' strategic aims bore a cover drawing of tanks, soldiers and a mushroom cloud on a map of Italy and Europe. Also on the cover were a band of urban guerrillas, presumably depicted in opposition to the military display.

The communiqué attacked "American imperialism," and hailed the "birth of a movement against imperialism war and against the installation of missiles" in Europe.

The document did not mention Gen. Dozier.

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The photograph of Brig. Gen. James L. Dozier released Sunday in Milan. Behind him is the symbol of the Red Brigades.

Government Payrolls
Begin to Shrink in U.S.

By William Serrin

NEW YORK — For the first time since the end of World War II, government employment in the United States is declining, a development that many experts on the workplace say will have a major impact on workers and the public.

In the 12-month period ending Nov. 1, government employment declined by 316,000 workers, including 40,000 at the federal level, 30,000 at the state level and 246,000 at the local level.

Since 1919, which is as far back as Bureau of Labor Statistics figures on unemployment go, government employment has declined only three other times. It happened once in the recession of 1920-21, again in 1932-33, during the Great Depression, and a third time in the period 1944-47, as World War II was ending and the nation was returning to a peacetime economy.

The current decline, analysts said, reflects the recession and the widespread effort to reduce the size of government.

A Changing Market

The decline also is occurring as the Reagan administration transfers responsibility for many services to the state and local governments and when services and physical facilities, such as roads and sewers, are deteriorating seriously in many places.

Samuel M. Ehrenhalt, the bureau's New York regional commissioner, said that for decades government employment had been widely regarded by economists and by job seekers as a growing segment of the job market. Government was thought of as an area in which highly secure jobs could be found. Now all that is at an end, Mr. Ehrenhalt said, and he is convinced that government employment will continue to decline in the next two decades.

Analysts said federal employment would decline by tens of thousands of jobs in 1982 because of administration cutbacks.

Jerome Rosow, president of the Work in America Institute, a private research organization in Scarsdale, N.Y., said a "brain drain in Washington of serious proportions" was occurring as bright and promising workers were forced from government employment or voluntarily left because of uncertainties that existed there.

David L. Birch, director of the Program on Neighborhood and Regional Change at the Massachusetts Institute of Technology, said, "We're losing the best and the newest and brightest." He said that "seniority becomes the dominant theme" as cutbacks occur.

While agreeing that government employment has leveled off, some experts were not as convinced as Mr. Ehrenhalt that the decline was permanent.

"It's dangerous to say this is forever," said Sir A. Levitan, a labor specialist in Washington. If President Reagan's economic plan works, he said, it will help restore the economy, thus providing increased tax revenues at the state and local levels and enabling governments to provide increased services and employment.

'Enormous Skepticism' Cited

On Mr. Levitan said, state and local governments may be forced to increase taxes and thus increase employment as they seek to take on duties passed to them by the U.S. government.

Mr. Birch said that "an enormous skepticism toward government" throughout the country was resulting in a reduction in government at all three levels, but he also said the decline might not be permanent.

In states such as Massachusetts, he said, there is "pressure now to introduce all sorts of loopholes" to allow the state and local governments to continue employment and circumvent tax limitations mandated by the voters.

Government employment, which reached more than 16 million in October, 1980, has expanded substantially during the last 60 years. In 1920, it stood at 2.6 million. It hit 4.2 million in 1940, 6 million in 1950 and 8.6 million in 1960. By 1970, it had jumped to 12.6 million.

Federal employment has held comparatively steady, rising from 1.9 million in 1950 to 2.3 million in 1960, 2.7 million in 1970 and 2.8 million in 1980.

It is at the state and local levels that direct government employment has increased most heavily. State employment rose 140 percent to 3.6 million in 1980 from 1.3 million in 1960. Local government employment rose 117 percent to 9.8 million in 1980 from 4.5 million in 1960.

INSIDE

Afghan Deadlock

On the second anniversary of the Soviet intervention in Afghanistan, the U.S. State Department says that both government forces and insurgents are deadlocked. Page 5.

Change in Golan

The transformation of the Golan Heights from an occupied territory to an effective part of the state of Israel is beginning to take shape. Page 2.

Inflation Impact

Changes in world trade patterns may speed the global impact of the U.S. recession, some analysts say. Page 7.

Israel Moving Quickly to Transform Rule in Golan Heights

By William Claiborne
Washington Post Service

JERUSALEM — The practical and legal transformation of the Golan Heights from an occupied territory to an effective part of the state of Israel is beginning to take shape, although hesitantly and not without confusion.

The Interior Ministry, which under the annexation law passed by parliament Dec. 14 is responsible for implementing the change, was as surprised as anybody else by Prime Minister Menachem Begin's decision to push the law through parliament.

But amid the cacophony of international condemnation of the annexation and the repercussions of U.S. sanctions, Israeli officials are beginning to carry out the transition of the Golan Heights from military to civilian rule just as it was a part of Israel proper.

The Interior Ministry has appointed its northern district representative, Israel Koenig, to head an interministerial committee to phase out the military government that has administered the Golan Heights since the Israeli Army captured it from Syria in 1967 and to replace it with the same form of government that exists across the pre-1967 border.

Courts Set Up

Mr. Koenig has been put in charge of establishing regional governing councils in the Golan Heights. He will supervise tax rates and local budgets and direct such services as education, health, welfare, sanitation, water, road maintenance, parks and fire protection,

officials said. Similar councils control such services throughout Israel.

On the legal side, Justice Minister Moshe Nissim has signed orders establishing two Israeli magistrate courts in the Golan, one in the Arab village of Masada and another in the Jewish development town of Katzrin. Mr. Nissim also signed regulations extending the jurisdiction of the Nazareth district courts to the Golan Heights so that it could hear appeals from the magistrates' courts and handle cases involving more serious violations of Israeli law.

Army patrols have been replaced by Israeli police and members of the border police; Israeli traffic regulations are being enforced and Israeli driver's licenses issued, and Israeli housing codes are going into effect.

The annexation bill in its legal terminology applies Israeli "law, jurisdiction and administration" to the Golan Heights, which for the last 14 years has been governed by an Israeli military government under a blend of military law, emergency defense regulations from the time of the British Mandate, and some provisions of basic Israeli law that were applied to the occupied territory by order of the military governor in 1967.

Unlike the occupied West Bank, where Jordanian law was carried over after Israel captured the territory from Jordan in 1967, the Golan Heights did not retain Syrian law because most of its residents fled the area after the Syrian Army's retreat. There currently are about 12,500 Druzes, members of a breakaway

Islamic sect with secret tenets; about 800 Alawite Moslems, and 6,500 Jewish settlers.

"There was a legal vacuum after the 1967 war — no judges, no advocates, no Syrian law books and nothing that could be used as law to enable us to maintain order and a smooth functioning of society," said Elyakim Rubenstein, legal adviser to the Foreign Ministry. "It was not practical to apply Syrian law in the Golan. Who would apply it, the military governor?"

Mr. Koenig will also head an Interior Ministry committee that will deal with population registration in the Golan and the distribution of Israeli identity cards to all residents, including Arabs.

The Israeli government has not spelled out its position on whether the Arabs can retain their Syrian citizenship, although officials emphasized that they were not being forced to accept Israeli citizenship by accepting the identity cards.

Mr. Rubenstein said he assumed that Golan Arabs could retain their "Syrian nationality" the same way many of the approximately 100,000 Arabs of East Jerusalem, which was annexed in 1967, have retained their Jordanian citizenship even though they have been issued identity cards by the Israeli government. He said, however, that the question had not been fully resolved.

Uncertainty also remains over the question of formal annexation. Mr. Begin and other officials have repeatedly said the Golan Heights were part of Eretz Israel (the Land of Israel), but they have carefully

avoided saying it had been annexed or was part of the state of Israel.

No Comment on Security Pact

WASHINGTON (NYT) — The State Department has declined to comment on an interview in which Defense Minister Ariel Sharon of Israel said the security accord with the United States still formally existed.

Privately, however, officials said Saturday that the U.S. position was that the cooperation agreement had not been canceled. The officials said that U.S. participation in talks to carry it out had been suspended because of Israel's refusal to consult with the United States before annexing the Golan Heights.

Prime Minister Begin said on Dec. 20 that he regarded the U.S. action as tantamount to cancellation. The Reagan administration said it stood by its view that it still wanted the agreement but that it was up to Israel to repair damage to overall relations.

In the interview published Friday in the Israeli newspaper Yediot Achronot, Mr. Sharon asserted that the Americans planned to force Israel to return all land conquered in 1967, including the Golan Heights.

The U.S. officials denied this and said that American policy toward Israel's occupied territories, including the Golan Heights, had not changed. The policy is that the future of the territories should be determined by negotiations between Israel and the Arab countries.

Cairo Trial May Herald Anti-Corruption Drive

CAIRO — The trial of an Egyptian millionaire and former member of parliament is seen by many here as an opening shot in an anti-corruption campaign by the government of President Hosni Mubarak.

Rashad Osman, a millionaire who was once a porter on the Alexandria docks, is charged with drug smuggling, tax evasion, misuse of state lands and corrupt business practices. Mr. Osman, who was a member of the governing National Democratic Party in the People's Assembly, had his parliamentary immunity lifted in September and was arraigned before President Anwar Sadat was assassinated on Oct. 6.

But what began as a low-key court case under Sadat has developed into a major public debate under Mr. Mubarak with several high officials and the brother of the late president reportedly linked to the affair.

The most extensive coverage of the trial has come from the government's weekly newspaper, Maymouh, whose editor in chief is Ibrahim Saada. Mr. Saada, who was a confidant of Sadat and is also editor of the mass-circulation weekly Al-Akhar al-Yom, has published a complete transcript of the trial proceedings in Maymouh.

In his weekly column in Al-Akhar al-Yom on Dec. 12, Mr. Saada called for two officials who are implicated in the case to step down until they are cleared in an

investigation. The two are Maim Abu Taleh, a former governor of Alexandria and now a bank chairman, and Helmi Abdel Alker, minister of state for assembly affairs.

Under public pressure, Mr. Akher has taken a leave of absence and Mr. Taleh has written to Maymouh to clarify his involvement with Mr. Osman. Esam Sedat, the late president's brother, who was also linked to Mr. Osman, has also written to Maymouh denying he met or dealt with the defendant.

Mr. Osman's reported abuse of his parliamentary privileges and the number of prominent figures mentioned in the trial — including Osman Ahmed Osman, a builder who was related to Sadat by marriage — have led to further calls for investigations and for public accountability of assembly members. Mr. Mubarak last week asked two parliamentary leaders to ensure that political activity was based on "principles of purity and integrity."



Hosni Mubarak

Prisoners Released

CAIRO (UPI) — Egypt has announced the release of the leader of the outlawed Moslem Brotherhood and 38 other religious and political figures jailed in a sweeping crackdown last September by Sadat.

The prisoners were freed "on humanitarian grounds, including

Pravda Says U.S. Wanted to Incite Move on Poland, Discard Détente

MOSCOW — Two days after accusing the United States of trying to wrench Poland from the Soviet bloc, Pravda charged Sunday that Washington wanted to provoke Soviet intervention in Poland as a pretext for breaking off arms-control talks.

"Imperialist circles in the United States and other NATO countries are perplexed because events in Poland did not develop according to their prepared scenario, which would inevitably involve 'Soviet interference,'" Sunday's article said. "They dreamed that one day this would give them the chance to heighten international tensions, discard everything connected with détente and abandon any talks on the limitation and reduction of armaments."

Death Toll Unclear

The commentary made no specific reference to the Soviet-U.S. talks on limiting medium-range nuclear weapons, which began in Geneva on Nov. 30. The U.S. government has repeatedly stated that any Soviet military intervention in Poland would seriously endanger international efforts to limit arms.

Tass, in a report on Saturday, accused the United States of "crudely interfering" in Polish affairs, and said the turmoil in Poland had not been sustained long ago had it not been sustained by Western money, equipment and propaganda.

Valentin Falin, first deputy of

the International Information Department of the Central Committee, asserted in a television talk show that the Soviet Union's only involvement in Poland was to provide food and desperately needed raw materials.

"The situation in Poland would have clarified and returned to normal in a matter of weeks had it not been for the most crude interference over air waves, had it not been for the interference in the form of instructions, money and equipment which were sent to Poland," Mr. Falin said.

He said that fewer than 10 persons had died in Poland since martial law was imposed on Dec. 13, a figure in keeping with official Polish disclosures that seven have been killed. Reports reaching the West have put the number of dead as high as 200.

Mr. Falin's comments echoed the Tass report, which accused Alexander M. Haig Jr., the U.S. secretary of state, for what was termed Washington's "especially inhuman" decision to suspend food shipments and other trade with Poland.

"He frankly said that the U.S.A. has enough levers to increase pressure to bear on Poland so that it refrains from, as he put it, any radical actions against extremists from Solidarity," Tass said.

Since Mr. Reagan announced sanctions last Wednesday, the Soviet news media have struck out angrily at U.S. efforts to construct

WORLD NEWS BRIEFS

Japan Bill Restores Military Funds

TOKYO — The Japanese government put finishing touches Sunday to a controversial budget bill, restoring military funds and allowing an increase in military outlays nearly four times that for social welfare.

Premier Zenko Suzuki's government, under pressure from U.S. critics to increase military spending, gave the Defense Agency what it had requested, thereby overruling the Finance Ministry and its proposed cut. The budget sets aside \$11.75 billion for military appropriations, the sources said. That represents an increase of 7.7 percent over the current fiscal year. In contrast, the government allowed a 2-percent increase for social welfare spending and a 1.2-percent rise for education and science promotion funds.

Thatcher Fears Winter Joblessness

LONDON — Prime Minister Margaret Thatcher was quoted Sunday as saying that recent declines in Britain's unemployment rate are heartening but that she worries about the ranks of the jobless as winter progresses.

In an interview with the Sunday Express newspaper, Mrs. Thatcher said: "You can imagine that I look out of this window and see the weather and say not only, 'My goodness, it's cold.' I say, 'My goodness, what is it going to do to the unemployment figures?' — because in the last two years, the unemployment figures have risen from December to January considerably. My expectation, I am afraid, is that they will again."

Britain's unemployment rate, which in September reached 12.4 percent, the highest since the 1930s, fell in December for the third straight month, Mrs. Thatcher told the Sunday Express. "I think most of the signs show now that we passed the worst of the recession about three months ago."

Sinai Settlers Reported Set for Clash

TEL AVIV — Israeli settlers in the Sinai town of Yamit, determined not to let the area revert to Egypt, rejected a government call for negotiations and reportedly fortified their town Sunday for a possible clash with Israeli troops.

The Israeli government called on settlers in the northern Sinai town "to come to practical negotiations ... in order to arrange the compensation they deserve" for homes they would give up when the area is turned over to Egypt on April 26 under the terms of the 1979 peace treaty.

Sources in Yamit said the settlers had welded shut two of the town's three gates, dug trenches around its perimeter, piled up sandbags and barbed wire and equipped themselves with helmets, shields and clubs.

Storm Kills at Least 7 in Philippines

MANILA — A typhoon in the central Philippines killed seven persons, destroyed more than 3,000 homes and left about 26,000 people homeless, preliminary official reports said Sunday.

The reports from relief and rescue agencies showed the worst hit area was the coastal town of Calapan on Mindoro Island just south of Manila, where two persons were killed and 5,000 houses were damaged or destroyed.

2 Dead, 5 Feared Trapped In Pisa Gas Cylinder Blast

PISA — A ceiling in an old building in central Pisa collapsed after a gas explosion early Sunday afternoon, killing at least two persons and injuring 19, police said. As many as five persons were feared to be buried under the rubble.

Police said the building, about a kilometer south of the Leaning Tower, contained seven apartments on the top three floors and a restaurant and bakery on the ground floor.

The restaurant owner, who was rescued from the rubble with only superficial injuries, told police that 10 to 15 persons were having lunch in the restaurant when the building collapsed.

"We must fear for the lives of some of those people," a fire department spokesman said. "It looks like being a long job and we have rigged up floodlights so that we can work all night if necessary."

Local firefighters immediately began searching through the debris and reinforcements were summoned from nearby towns. Massimo Bernini, the chief of the Pisa fire department, said it would take a long time to finish clearing away the rubble because the firefighters were taking extra care to keep the building from collapsing further.

"It was coming down the stairs when I saw flames and felt a violent explosion," said Piero Falci, who lived in the building. "The whole building just sank. I think I cleared tons of bricks to get out."

It was not immediately clear where in the building the explosion occurred. The bakery was closed at the time, police said. Firefighters said preliminary investigation indicated that the explosion, which damaged all four floors of the building, was caused by a leaking gas cylinder.

Police said four families lived in apartments in the upper floors of the building and eight university students shared a large apartment on the top floor. None of the students was in at the time, and other people living over the restaurant had only minor injuries.

On Saturday, an explosion in the laundry room of a hospital at Mondovì, 50 miles (80 kilometers) south of Turin, killed two persons and injured four. Police said it probably was caused by a bursting steam boiler.

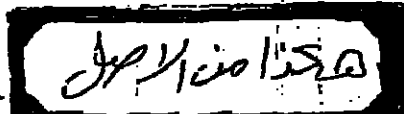


ED REINGOLD TOKYO

"Few yet realize the importance of the Pacific region, with Japan as the anchor of the Northeast, the major economic engine in the area."

Ed Reingold asked for this, his second tour of duty as Tokyo bureau chief, because he wanted to follow and report on a long-range but intensely exciting story: the development of the Pacific Basin community of nations. Before and between his Far East stints, Reingold has piled up plenty of experience in the political and economic arena — reporting on everything from the Kennedy, Nixon and Carter campaigns to the auto industry crisis in Detroit. While covering the Caribbean out of the Miami bureau, he reported on the upheaval in Panama, revolution in the Dominican Republic, and developments in Castro's Cuba. As Nairobi bureau chief Reingold witnessed and wrote about the ferment throughout Africa. He is typical of TIME correspondents everywhere who are alert to news in all its forms, whether a sudden coup or a slowly emerging community of interests. So TIME readers get it fresh...and often first.

TIME. The news magazine for the internationally minded.



Haig Sees Higher Intervention Risk

(Continued from Page 1)

Jaruzelski is a Soviet surrogate and the Russians are dictating the action, there would seem to be little chance for outside leverage on the Polish crackdown, Mr. Haig agreed. But he added, "There's much evidence to challenge that theory in its extreme."

"For 18 months," he noted, "for whatever reason, both the Polish government and party, which has now been supplanted by a military junta, felt constrained not to face a showdown."

Secondly, the Russians, despite what he described as "major steps to indicate, come (and threaten)" the Poles, did not intervene with force.

The restraints have not disappeared, even though "an internal repression replete with ambiguities" was launched, Mr. Haig said.

Whatever theory of motivation one accepts, Mr. Haig said, the U.S. responsibility, and that of its allies, is to "optimize the leverage" for reconciliation, compromise and compliance with the Helsinki accords.

The current and future significance of the Polish events for the Western alliance and East-West relations is of historic proportions, according to Mr. Haig. In his view, these events "have a fundamental effect on the broadest issues surrounding East-West relations and future international dynamics."

Mr. Haig spoke of unity at this point as a major priority, especially in the context of what he described as a long-term effort by the Russians to split the Western alliance, particularly to split off West Germany.

He described the recent strains on the alliance, including a seemingly sudden turn against détente by the Reagan administration. At the same time, he seemed relatively confident that the differences can be managed within the basic policy direction on Poland set by Mr. Reagan in his speech Wednesday night.

He acknowledged that attempts to work out a NATO system of sanctions would cause difficulties for countries such as West Germany, which has extensive trade and financial ties with the Communist

bloc, and that it might be unrealistic to expect all to respond in exactly the same way.

Regarding the Polish debts to the West, Mr. Haig said the administration is not trying to influence the actions of private U.S. banks that hold \$1.3 billion of Poland's \$16 billion in debts to foreign private institutions.

The banks he said "have incurred their obligations on their own calculation ... and we have great confidence that their assessment of the uncertainties with sound business criteria is an adequate restraint. That does not mean that events could not alter that." He added that while they cannot be overlooked, "it is important that we do not permit such a significant political event to be skewed by excess concern for financial implications."

Mr. Haig refused to comment on reports that alleged Libyan assassination squads have suspended their attempts to infiltrate the United States, but he added that "if such reports are true, it underlines the validity of the steps taken by the president."

To Hungary, Its Success Is a Model for the East

Experiments in Agriculture, Industry and Trade Commended by Russia

By R.W. Apple Jr.
New York Times Service

BUDAPEST — Can Hungary, with only 11 million people, provide a model for the larger, less prosperous members of the Warsaw Pact, such as Poland and the Soviet Union?

Many Hungarians think so, but they put the matter in the more delicate possible way. Jozsef Bogner, a distinguished economist and former Cabinet minister, said the other day that nations whose own economies were not working would have to draw their own conclusions, because "little countries living in the shadow of great powers shouldn't make suggestions."

"Britain," he said, "is a more sophisticated country than the United States, at least as far as foreign policy is concerned, but it tries to let the United States take the lead, or to give the impression that it's doing it. For us, it is even harder. Existing as an island of relative content in a sea of misery is never the easiest of situations."

And that is how the Hungarians tend to view their position as they look out across a disheveled Eastern Europe, dominated by the chaos in Poland.

Nonconformist Ally

In many ways, Hungary hardly seems a Communist nation. It is a country where people say what they think, where the real news of the day is broadcast on television, where Western oil companies com-

pete for the motorist's business, where there is plenty to eat, where political discontent is slight and where a casino has been opened in a Budapest hotel.

But the reality of Soviet power, and the prospect that it might yet be used in Poland, is never far from policy-makers' minds. Such a development would put an end to the benefits that Hungary has derived from détente and, possibly, lead to demands from Moscow for greater ideological conformity.

Popular Leader

It was therefore with great relief that government officials and others here read a back-page editorial in Pravda, the Soviet Communist Party newspaper, on Dec. 7 that commended in great detail the successful Hungarian experiments in the fields of agriculture, industrial development and trade. It was by far the most explicit Soviet endorsement to date of the quietly but decidedly revolutionary policies of Hungary's leader, Janos Kadar.

According to well-informed sources, the Soviet premier, Nikoli A. Tikhonov, said many of the same things in a visit to Budapest just before the crackdown in Poland.

Even that, however, is unlikely to stampede the Hungarians into trumpeting their own virtues too loudly. The most they would agree with the rather sour, and perhaps envious, comment of an East Euro-

california
Scientist



STROLLING SCHMIDTS — West German Chancellor Helmut Schmidt and his wife, Hannelore, are vacationing until Jan. 4 on Sanibel Island off southwest Florida. They plan an unofficial visit to Washington at the end of the trip.

Rocket Firm Reports It Halted Tests in Libya

By Judith Miller

WASHINGTON — A West German company that has been developing rocket technology with a potential military application has halted its testing work in Libya, company officials say.

Frank Wukasz, president of OTRAG — an acronym for Orbital Transport- und Raketen-Aktiengesellschaft — said that the company began withdrawing personnel and abandoning its rocket-launching base at Jarmah, 430 miles (688 kilometers) south of Tripoli in the Libyan Sahara, about two months ago.

"All of our people have left; we no longer have any business in Libya," Mr. Wukasz said in an interview.

OTRAG's activities in Libya and its previous rocket-testing program in Zaïre sparked protests from the United States and Western European governments. U.S. intelligence reports suggested last fall that the company was using its ostensibly peaceful rocket program to mask efforts to sell military technology, including short-range military rockets, to Libya, Pakistan, Iraq, and other countries.

Mr. Wukasz and other company representatives have denied the reports. They say that OTRAG has been attempting to develop cheap rockets that could launch satellites and other payloads into orbit for peaceful purposes.

OTRAG's departure from Libya followed an internal company battle, according to sources close to the organization. The struggle, sources said, resulted in the dismissal of Lutz T. Kayser, an aerospace engineer who founded the company in the mid-1970s.

Mr. Wukasz said he did not know where Mr. Kayser was or what he was doing, but company and intelligence officials said he was still in Libya helping in missile development.

Company Restructuring

Mr. Wukasz said the company was being restructured so that it could concentrate on the development of sounding rockets for high-altitude scientific research. He said OTRAG had obtained preliminary research agreements with two West

German universities, which he declined to identify.

Sources close to the company said that OTRAG's restructuring was set off by pressure from members of the board of directors who were displeased by the controversy around the Libyan venture.

Mr. Wukasz said OTRAG had decided not to develop its own rocket launching installations but, rather, to use existing launch sites operated by other countries and international groups.

"This will help eliminate the political problems of OTRAG-owned sites," he remarked. "In Libya, and in Zaïre before that, other countries accused us of developing military technology. We denied these charges, but problems persisted."

Zaïre Departure Forced

In April, 1979, OTRAG was forced to leave its test area in Zaïre — over which it had exercised virtually sovereign control — following diplomatic protests from France and the Soviet Union. After being denied a testing site in Brazil, the company moved to Libya two years ago.

Suspicion about the company's rocket project had been heightened because Libyan military officials, including those connected with Libya's atomic energy program, were in charge of much of OTRAG's operations, according to the intelligence reports. A significant part of the budget of the Libyan Ministry of Atomic Energy was said to be devoted to OTRAG-related activities, intelligence officials said.

OTRAG said that two of its four publicized tests had been successful, but many scientists remain skeptical about the results as well as the feasibility and viability of the rocket project.

Efforts by OTRAG and other private concerns to develop rockets have been matters of concern to the United States. Officials contend that such vehicles could be used as ballistic missiles to deliver chemical or nuclear warheads.

An interagency group formed last fall has been examining the spread of missiles and related space technology and attempting to determine whether additional restrictions on export controls are required.

Iran Seeking Pact Change, Ex-Aide Says

U.S. Reportedly Asked To Ease Rule on Cash

By Reuters

VIENNA — Iran cannot meet one of the terms of the agreement that freed 52 American hostages last January and has begun secret talks with U.S. officials on modifying the requirement, according to the former governor of the Iranian central bank.

Quoting Iranian officials involved in the talks, Ali Reza Nobari said in an interview that Iran did not have the cash to maintain a \$1-billion account at the Bank of England that it agreed to establish for payment of U.S. claims against Iran.

The former governor, who fled Iran in September, refused to say where the talks were being held but did say that Iran wanted to postpone some immediate payment obligations.

He speculated that the United States may agree to such a delay if it could ensure that all claims — mostly for compensation for breach of contract by the revolutionary government that deposed the shah in 1979 — were eventually paid.

As part of the agreement releasing the hostages and unfreezing Iranian assets held by the United States, Tehran agreed to open the billion-dollar account and to bring it back up to that level whenever settlements reduced it to \$500 million.

Overall U.S. claims are estimated to total between \$3 billion and \$4 billion, which is more than the Tehran government can pay now, Mr. Nobari quoted his sources as saying.

Time Running Short

Mr. Nobari, an ally of former President Abolhasan Bani-Sadr, said that time is running short because claims that settled out of court will go to an international arbitration board due to open hearings in The Hague in mid-January.

Iranian sources here said that representatives of only about 100 of the approximately 2,500 U.S. firms with claims against Iran have come to Vienna to discuss possible out-of-court settlements with an Iranian negotiating team.

Just 10 or 15 settlements have been reached so far, according to U.S. sources.

Mr. Nobari, who has lived mainly in France since leaving Iran, quoted officials as saying the central bank's reserves stand at only about \$650 million despite a statement by his successor that they were at a "reliable level."

The decline in reserves, a reduction in oil income and Iran's problem in finding other funds were leading to a serious cash squeeze, Mr. Nobari said.

The former governor of the central bank, the Bank Markazi, said he had learned that both Algeria and Libya had rejected recent Iranian requests for loans.

Mr. Nobari, who was still in office when the hostage agreement was worked out, accused the United States of dragging its feet in returning Iranian assets and repaying Iranian claims.

William P. Gwinn, 74, Former Head Of the United Aircraft Corp., Is Dead

Washington Post Service

WASHINGTON — William P. Gwinn, 74, who rose from stock clerk to chairman of the United Aircraft Corp., now United Technologies Corp., of Hartford, Conn., died of cancer Friday in Palm Beach, Fla.

Mr. Gwinn headed the corporation's largest unit, Pratt & Whitney Aircraft, for 14 years, directing the firm's huge World War II engine production and its postwar transition from piston to jet propulsion. Pratt & Whitney, which shipped more than 363,000 aircraft engines during the war, now is the world's largest producer of jet engines for commercial and military aircraft.

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Atlanta Looks the Other Way as Murder Trial Approaches

By Wendell Rawls Jr.

New York Times Service

ATLANTA — The crimes were on virtually every lip for nearly two years, but the trial that begins Monday for the man accused of slaying two of 28 murdered young people in Atlanta seems to be something this city of ghettos and gentility would rather not think about.

Wayne B. Williams, 23, a self-styled music promoter and electronics gadabout, is charged with first-degree murder in the last two of the 28 killings, which occurred from 1979 to 1981 and terrorized parents and children in the predominantly black sections of the city. All the victims, who ranged in age from 7 to 27, were black, as is Mr. Williams.

On the eve of the trial, the pervasive thought in the community was expressed by Jan Douglas, executive director of the Community Relations Commission. "What is on everyone's mind is that when Wayne Williams was arrested, the killings stopped," she said in an interview last week. "Everyone was enormously relieved."

Media Examine Ethics of 'Stakeout' Journalism

By Jonathan Friendly

New York Times Service

NEW YORK — To Richard V. Allen, it was the television crew that pursued his daughter to nursery school. To Louise Kennedy, it was the 5 a.m. telephone call from a reporter seeking her reaction to the death of the shah of Iran. To Jacqueline Kennedy Onassis, it was the photographer who sprang in front of her as she came out of a Manhattan movie theater.

In each of these cases, the subject of the intensive coverage has raised an issue that reporters say troubles them as well: where and how to draw the line between a legitimate interest in a public figure and the improper invasion of that person's privacy. The journalists, while defending their right and obligation to pursue information, say that harassment, real or apparent, could undercut public support for news gathering.

"It isn't helpful to us," said Michael J. O'Neill, the president of the American Society of Newspaper Editors and editor of the New York Daily News, to diminish "the public's sense of our being fair and honest in the way we behave."

Mr. Allen, who went on to leave as the national security adviser to President Reagan while an inquiry into a \$1,000 gift from Japanese journalists was pursued, said the line had been crossed repeatedly by reporters who gathered outside his house as early as 5:30 a.m. day after day last month. The idling motors of the television trucks awoke his neighbors, he said, and one reporter climbed a tree to look in his window.

He said he came home around 11 p.m. one night from a formal dinner and, walking from his car, was blinded by the lights of the television crews. That was when he stepped into the garbage left by a camera crew that had eaten dinner while waiting for him to return.

Many reporters say that such stakeouts usually produce little hard information from a person who does not want to talk. But one

lied that the killings stopped, but now folks are kind of like an ostrich. Nobody even talks about the trial. It's almost like this experience over the past two years has been too much for people to deal with. The whole situation was so horrendous, people don't want to deal with it."

Curfew Still in Force

There seems little question that tensions have abated and activities in the city have returned to normal. However, a 7 p.m. to 6 a.m. curfew remains in effect for youths under the age of 16, and youngsters continue to practice many of the precautions they learned in the days of dreading "the Snatcher," as they came to call the mysterious source of disappearances and deaths among their playmates and acquaintances.

"We find youngsters continuing to travel in groups of three and four or more," said Lee P. Brown, the public safety commissioner, "and they rarely violate the curfew. Parents seem to have maintained their habits of monitoring their children's whereabouts and other things we stressed and tried



Wayne B. Williams after his arrest last June in Atlanta.

to educate the people to do when the problem was recognized."

The commissioner declined to discuss any aspect of the murder investigation or other topics covered by a Superior Court judge's order prohibiting the disclosure of

such details. However, a law enforcement official familiar with Atlanta police activities, who requested anonymity, said that the special task force formed to investigate the murders had dwindled to about 45 from 110 since Mr. Williams was arrested in June.

The official also said that the city had not had any unsolved cases of missing and murdered juveniles since Mr. Williams was arrested.

Surrounding Interviews

As for Mr. Williams, the public was hearing reports about a barrage of motions filed in court by his attorneys, and of tape-recorded, behind-bars interviews arranged surreptitiously by his attorney, Mary Williams, for U.S. magazine in violation of the judge's ban on the disclosure of details about the case.

Jury selection for the trial is set to begin Monday, and Judge Clarence Cooper of Fulton County Superior Court has predicted that it will take almost two weeks to choose a jury.

Testimony and introduction of evidence could take another six

weeks, he said, with experts from both sides involved in technical and scientific arguments about the validity of microscopic examinations of fibers and dog hairs found on the bodies of the victims and taken from a bedspread and carpet in Mr. Williams' room in his parents' home in West Atlanta.

Prosecutors and law enforcement officials privately have expressed fears that complicated, highly technical testimony from analysts could bewilder jurors. Lewis Slaton, the district attorney, who will try the case personally, delayed approval of the arrest of Mr. Williams for several days while investigators tried to develop stronger physical evidence against him.

The defense attorneys repeatedly have expressed reservations about their ability to get a fair trial in Atlanta or elsewhere because of the extensive local, national and international news coverage of the murders and Mr. Williams' arrest. But Mr. Williams' attorneys have not asked for a change of venue, and the judge has said that the jury will be sequestered for the length of the proceeding.

French Detain 9 Chinese In Drug Smuggling Case

By Reuters

PARIS — French detectives have arrested nine Chinese believed to be operating a major heroin-smuggling network between Hong Kong and Europe, police said Sunday.

The nine were detained in Paris early Friday as they were delivering 10 kilograms (22 pounds) of pure white heroin, authorities said. The nine are Hong Kong Chinese resident in France, police said.

Tanzania to Get Urgent Food Aid

The Associated Press

DAR ES SALAAM, Tanzania — Western nations have pledged nearly 250,000 tons of emergency food aid to Tanzania, greatly reducing the possibility of famine early next year, according to diplomatic sources.

A Western diplomat said response to an appeal in mid-November by the government of President Julius K. Nyerere "has been overwhelming." Other diplomats said the food pledged over the past five weeks will not arrive and be distributed in time to avert famine entirely. "But it will start to arrive soon enough to ensure that there won't be widespread famine," a diplomat said.

David Masanja, principal secretary in the Ministry of Agriculture, said in late October that the country's food stocks would run out in December or January and that nothing had been done to seek international aid. Tanzania, one of the world's poorest countries, has been suffering from a shortage of rain and from agricultural mismanagement.

Similarly, the Princess of Wales has been subjected to intensive coverage, with photographers popping out of the bushes when she emerges from her house in Gloucester, England. Two weeks ago, British editors said they would reduce the coverage after Queen Elizabeth II's press secretary told them that the princess, the former Lady Diana Spencer, "feels totally beleaguered."

Louisa Kennedy, whose husband, Moorehead C. Kennedy Jr., was held hostage in Iran for 444 days, said the hostage families were simply not prepared for the spotlight into which they were thrust. She recalled that when her family was home for Christmas a year ago, "we couldn't get on the phone or walk out the front door without the cameras grinding."

Mr. Von Fremd of ABC said that a CBS cameraman outside the Allen home had shown that same doubt. The cameraman carried a sign announcing: "Mr. Allen, I'm only here because my company is making me."

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California Chase: Predicting Next Big Quake

Scientists, Psychics and Laymen Work Against a Geological Clock

By Jay Mathews

Washington Post Service

LOS ANGELES — Carl Johnson, 35, a geophysicist, wakes at 4 a.m. at least once a week to worry about earthquakes.

Sometimes he just gives up on sleep and goes off to his office at the California Institute of Technology.

"He's thinking there may be something he can do to predict the first big earthquake," said his wife, Nancy.

Chuck Koesterer, 32, an electronics technician, has found his life moving with the erratic rhythms of the Pacific plate, the huge piece of the earth's crust sliding ponderously up the coast of his native California. His job is to get government sensors to the spot of a major quake in the mountains or deserts, so every large tremor sets off his electronic beeper.

"It always seems to happen in the middle of the night," said his wife, Sheryl.

Mr. Johnson and Mr. Koesterer, with hundreds of other geologists, mathematicians, technicians, graduate students and psychics along the coast, are engaged in a scientific race. They are trying to find a way to predict earthquakes before the next big one devastates a major city in California.

The thrill of the chase, which intrigues nearly everyone living here, is enough to make many decline much better paying jobs in the oil industry.

The first successful earthquake

prediction in the United States, in the view of some scientists, occurred eight years ago in the Adirondack Mountains of New York. A team from Columbia's Lamont-Doherty Geological Observatory predicted a quake with fairly precise time and location after measuring wave velocities from a series of tiny foreshocks.

Unfortunately, the same technique later proved "an abysmal failure" in California, Mr. Johnson said.

Chinese scientists claim to have predicted large tremors and saved many lives, but such success has eluded American scientists. The last death from an earthquake in the United States occurred here 10 years ago, but the number of small quakes in Southern California has increased recently and there are enough other signs of unusual underground activity to put earthquake watchers under some pressure.

Computerized Data

Mr. Johnson, head of the U.S. Geological Survey field office at Cal Tech, is trying to computerize the earthquake data in a way that will provide new clues.

Earthquake scientists come from many fields, such as Cal Tech researcher Kate Hutton, an astronomer. And some are not scientists, but earthquake buffs who volunteer their services.

Robert Parsons, 45, a telephone company transmission technician, said he has invented a seismic device that emits a high-pitched tone

within 24 hours of a major quake. In the Northern California town of Carmel, Clarissa Bernhardt said she has visions of a photo, or a calendar with the date circled, and the word earthquake stamped across it, and has successfully foreseen earthquakes this way.

In recent years, scientific research on earthquake prediction has focused on history. Scientists have spent considerable time recording all quakes in recent history to see if there is a pattern that might yield clues.

Mr. Johnson and Mr. Hutton, looking at the pattern of recent quakes and the way they come sometimes in complex "swarms," reported to the American Geophysical Union in San Francisco recently that a system of faults near the Salton Sea thought to have been dormant has shown the potential for damaging quakes.

Cal Tech assistant professor Kerry Sieh has unearthed old fissures that indicate that the last great Southern California earthquake in 1857 was part of a series recurring every 123 to 225 years.

According to a U.S. government estimate based on Mr. Sieh's work, that quake has a better than 50-percent chance of recurring in the next 30 years and could kill more than 13,000 Southern Californians, leave 100,000 homeless and cause \$15 billion in damage.

The fascination with earthquakes among researchers has led some to extend to their family and social lives. "I would prefer to talk

about something else occasionally," said Nancy Johnson, who teaches the physically handicapped.

Several universities and the U.S. Geological Survey have scattered mechanical earthquake detectors all over the state — seismometers, strainmeters, radon meters, tiltmeters, magnetometers and creep meters.

Some scientists think the measurements of underground radon gas, on a recent upswing, may signal approaching quakes. But none of the sensors has yielded consistent clues. With so few large quakes, they can only be put to a test sporadically.

Earthquake scientists have already proved the value of seismometers, which measure vibrations in the earth, by their accurate prediction of eruptions at Mount St. Helens. Volcanoes, however, are far easier to predict because, unlike earthquakes, their precise location is usually known in advance and seismometers can be placed in the best positions.

Ned Nod, 64, and Robert Parsons, 45, have ignored the drawbacks and formed their own company, Earthquake Sentry. They say they can predict quakes over a magnitude of 5 on the Richter scale anywhere in Southern California within 24 hours. However, there has been no quake of that magnitude on land in the area in the two years they have been forecasting.

Our editors would like to hear from you

Interested in the arts and in leisure activities? Keeping up with the latest new restaurants? New movies and new plays? Do you turn quickly to Art Buchwald, Russell Baker and William Safire or is it the bridge column or the comics that get top priority?

Arts and leisure coverage is one area where the interests of our readers are diverse. We hope the questionnaire below will help us understand them better. Whether you regularly read our features or not, your response will be helpful—and greatly appreciated.

Questionnaires concerning other sections of the paper will appear in the coming months as part of our continuing review of how we can better serve our readers.

Thank you for your co-operation.

Please return the questionnaire to Barbara Lewis, International Herald Tribune, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France.

What are your regular sources of arts and leisure information? PLEASE CHECK AS MANY AS APPLY

International Herald Tribune ☐

Other daily newspaper(s) (please specify) _____

Weekly magazine(s) (please specify) _____

Monthly magazine(s) (please specify) _____

Radio/Television/Other (please specify) _____

Here is a selection of arts and leisure topics that are covered in the International Herald Tribune. Please indicate how often you read each article in the newspaper.

	Almost always	Sometimes	Never/Almost never
Fashion			
Theatre reviews			
Movie reviews			
Concerts/Opera/Dance			
Records & Tapes			
Food/Wine			
Restaurant reviews			
Photography			
Medicine/Health			
Architecture/Interior Decoration			
Back page feature article			
Int'l. deskbook of cultural events			
Personality profiles			
Travel & Tourism			
Fine arts & Auctions			
Museums/Galleries/Exhibitions			
Advice and personal services			
Shopping			
Book reviews			
Bridge			
Cheese			
Comics			
Crossword Puzzle			
Weather data			
People column			
Russell Baker			
Art Buchwald			
William Safire			
People column			

And which topics would you particularly like to read more about?

Is there anything you particularly like or dislike in the arts and culture coverage of the International Herald Tribune?

Once a week, the International Herald Tribune publishes a special section called WEEKEND. How often do you read this section of the paper?

Every week ☐
At least once a month ☐
Less often ☐
Never ☐

How would you rate its contents?

Excellent ☐
Good ☐
Average ☐
Fair ☐
Poor ☐

Which, if any, of the following topics covered in WEEKEND do you particularly enjoy or find useful?

Personality profiles ☐ particularly enjoy ☐ find useful ☐

International deskbook of cultural events ☐

Travel ☐

Food/Wine/Restaurant reviews ☐

Arts/Auctions/Fine Arts ☐

Other (please specify) _____

How often do you read the International Herald Tribune?

3 or 4 times a week ☐
3 or 4 times a week ☐
1 or 2 times a week ☐
Less than once a week ☐

Are you male ☐ female ☐

Of which country are you a citizen _____

In which country do you currently live _____

What is your age _____

under 25 ☐ 26-45 ☐ 46-65 ☐ over 65 ☐

U.S. Barring of Paisley Criticized in England

By William Borders
New York Times Service

LONDON — A broad range of public opinion in England has united against the U.S. government's decision to bar a visit by the Rev. Ian Paisley, the Protestant leader in Northern Ireland.

As expected, Mr. Paisley reacted furiously to the cancellation of his visit last Monday, calling it part of a U.S.-British plot to force Northern Ireland into unification with the Republic of Ireland.

In the days since then, all three of London's major newspapers, although not defending Mr. Paisley's views, have questioned the wisdom of keeping him out of the United States, as have a number of other moderates.

"He is, after all, a member of the British Parliament," said a high-ranking government official in London. "I detest what he has to say, but even so, I can't understand why the Americans would not let him in to say it."

In an editorial entitled "Paisley and the Home of Liberty," The Times of London said, "At the behest of Irish nationalists in the United States, the State Department has denied its citizens a useful little bit of education at first hand."

The Guardian said, "The American public is surely not so frail that it needs to be protected from his arguments" and the Daily Telegraph pointed out that the cancellation of Mr. Paisley's visa could help the cause of Protestant extremism by making him seem a martyr.

The State Department's decision was based on what it called the "divisive" nature of his recent public comments, presumably including a speech to a 4,000-man paramilitary volunteer force he assembled in a little town near Belfast one night last month.

"We shall fight with everything we have got," he said then. "As Ulster Protestants, we will never surrender. Many of us will have to lay down our lives to give our children the freedom they deserve."

But as even his enemies in Northern Ireland concede, Mr. Paisley, for all his bluster, has been careful not to break any laws. By contrast, Owen Carron, a militant republican member of Parliament whom the United States also barred this year, is outspoken and explicit about his support for the Irish Republican Army and its violent guerrilla war against the British.

In Northern Ireland, the decision to bar Mr. Paisley tends to make the Protestant community there feel all the more beleaguered and isolated.

Although many Protestants in the province condemn him, he has shown himself the biggest vote-getter in the last two electoral tests of strength.



Danielle Mitterrand with her husband, Francois, last May.

Danielle Mitterrand: An Enigmatic First Lady

By Susan Heller Anderson
New York Times Service

"I will not renounce my role of militant in the bosom of national and international humanitarian organizations." — Danielle Mitterrand. "My wife is a bit more leftist than I." — President Francois Mitterrand.

PARIS — When Francois Mitterrand ran unsuccessfully for president in 1965 and 1974, his wife, Danielle, was presented as the dutiful housewife, surrounded by floppy-eared dogs and wide-eyed children.

Since Mr. Mitterrand was elected earlier this year, Mrs. Mitterrand has been viewed by close observers and the French press as an influential foreign policy pipeline to her husband. Each day, she works at Socialist Party headquarters as the director of Solidarité Salvador et Amérique Latine, a party organization that supports the guerrillas in El Salvador politically.

The question now puzzling Mitterrand watchers is: Which is the real Danielle? And just how influential is she?

"Danielle Mitterrand has been a political activist at her husband's side for 37 years," states her official biography issued by the French government.

Mrs. Mitterrand was reported to have been a major influence in convincing her husband to initiate a French-Mexican resolution last August to support the Salvadoran guerrillas, a move that severely strained relations between the

French Wonder How Much Influence She Exerts on President Politically

Reagan administration and the Mitterrand government.

"El Salvador has been her baby for many years," said a longtime Mitterrand supporter. The rightist daily Minute called her "Danielle, la Pasionaria de l'Elysee."

Although a U.S. diplomat said he found this impression exaggerated, he said Mrs. Mitterrand nevertheless shares the views of the most leftist members of her husband's inner circle.

Mrs. Mitterrand herself points to El Salvador as her pet cause. She sent this letter, which was made public, to Maureen Reagan after the shooting of President Reagan in March:

"I was very moved by your reaction that led you to denounce publicly this absurd violence, with all the indignation of a daughter trembling for the life of her father. But permit me to bring your attention to the numerous assassinations perpetrated by your neighbor, El Salvador, by men supported, equipped and armed by your nation."

Mrs. Mitterrand's politics were honed in the fervor of the French Resistance movement of World War II. She was born in 1924 in Verdun and raised in Burgundy.

Her parents were educators and during the war their house was a refuge for Resistance members. Mrs. Mitterrand worked as a nurse in the Resistance and received the

Medal of the Resistance when she was 20, one of the youngest so honored. Another Resistance hero was Francois Mitterrand.

Mrs. Mitterrand's sister, Christine Gouze, now a film producer, was a friend of Francois Mitterrand. In February, 1944, he visited her Paris apartment and saw a photograph of her sister, Danielle, then 19. After asking who she was, Mr. Mitterrand declared, "I'm going to marry her."

They met under the pressure of war and occupation and, six months later, married in the exhilaration of freedom and liberation. "We didn't waste our time — it was precious," she recalls in Franz-Olivier Guizbert's authorized biography, "Francois Mitterrand." The couple have two sons, the older a journalist and the younger a politician. A third child died as an infant.

"A Remarkable Woman"

After 37 years of marriage Mrs. Mitterrand has hardly changed physically. But she has changed visibly in the image she seeks to convey, and in her willingness to share the spotlight with her husband. In 1965 she refused to give an interview without consulting him. "I don't do anything without his OK," she said. Now, she refuses interviews, except with a handful of favored writers, and frequently eschewed the campaign

trail to devote herself to the El Salvador cause. She has practically removed herself from the public eye since the election.

"She doesn't want to be La Presidente," reports Le Matin, referring to the French custom whereby presidential wives are entitled "Mrs. President." Thus far, she has avoided elaborate state receptions and most formal affairs. Unlike her predecessors, she does not frequent the haute couture, preferring a distinctly unchic wardrobe.

A private, dignified woman, she is surrounded by fiercely loyal friends reluctant to discuss her. "She's a remarkable woman," says an intimate, "intelligent, fervent, well-read, politically involved." "When you live for 35 years near someone as committed as Francois, you can only feel the same pain," Mrs. Mitterrand herself said in a rare newspaper interview after the election.

Yet the couple are believed to have lived essentially separate lives for some years. "Celebrates united by the act of marriage," Mr. Guizbert says in his authorized biography. Before the presidential campaign, Mrs. Mitterrand was rumored to be seeking a divorce; it is said that she relocated on the eve of this year's contest.

"Francois Mitterrand's reluctance to lift the veil on his private life prevents the precise measurement of the political influence his wife may have exerted during 30 years," Mr. Guizbert concludes. "Without doubt, this influence is not negligible."

Irish Premier Sees Growing Prospects for Ulster Accord

By Leonard Downie Jr.
Washington Post Service

DUBLIN — High-risk initiatives recently launched by Britain and Ireland offer the best opportunity in years to achieve peaceful political progress in British-ruled Northern Ireland, in the view of Irish Premier Garret FitzGerald.

Just months after being at odds with each other over the hunger strike by convicted Irish nationalist terrorists in Northern Ireland's Maze prison, Britain and Ireland now "are both clearly on the same path" in their approach to the Ulster problem, Mr. FitzGerald said in an interview.

With the hunger strike and much of the rest of the prison protest now over, British Prime Minister Margaret Thatcher's government is launching a major initiative to establish limited home rule in Northern Ireland. Mr. FitzGerald, who took office six months ago, described it as the first "serious attempt of this kind in five or six years."

He endorsed the strategy of Mrs. Thatcher's Northern Ireland secretary, James Prior, who is seeking to persuade Ulster political

leaders to "reluctantly accept" an imposed British compromise between Protestant insistence on unfettered majority rule and demands by members of the Catholic minority for a disproportionate share of power in the province.

Despite a hardening of sectarian attitudes in Northern Ireland because of the hunger strike and a subsequent wave of Provisional Irish Republican Army terrorism, Mr. FitzGerald said, surveys there continue to indicate that "public opinion has never been as closed to the idea of finding some kind of compromise as the attitudes of some [Ulster political] leaders would suggest."

"Conditions are probably more favorable for that now than they have been in years," he said. "People have had a very long period of rule by [London] almost 10 years now, and they are looking for some way to regain control over their local affairs."

"Most politicians, and indeed even some of those who express themselves in a somewhat more intransigent way, might be willing to have imposed on them something they would never demand if asked

their opinions first," Mr. FitzGerald said, echoing Mr. Prior's own rationale for his strategy. "But obviously, whatever emerged would have to be very carefully judged so as to be reluctantly acceptable to both sides."

In Mr. FitzGerald's view, the political risk he said he is taking "for the sake of Northern Ireland" has attracted some support from Ulster Protestant Unionists who see the Irish and British initiatives as improving relations and economic cooperation between North and South rather than leading to eventual Irish unification.

He emphasized that both the Irish and British governments "share the strong conviction that no solution of the relationship between the North and South of Ireland can or should be imposed without the consent of a majority of the people in North," but he said this is still not understood by many Ulster Unionists wary of being forced into a united Ireland or by Americans and other outsiders with "a very simplistic perception that the problem could be resolved if the British just up and left."

Mr. FitzGerald has begun a campaign to reform Ireland's constitution by removing both its ban on divorce and its unconditional territorial claims to Northern Ireland. He has said he is aiming both to modernize Irish society by lessening the constitutional strength of Catholic sectarianism and to improve relations between the Irish Republic and Ulster's Protestant community.

"It is the one thing we can do ourselves after some decades of talking about what other people should do," he added. "In seeking change, either in British policy, the direction of which has been unhelpful at times, or in Northern Ireland, our position is greatly weakened if people can say, 'You aren't even prepared yourselves to make change.' At least we will have removed that obstacle."

Mr. FitzGerald — who acknowledged that he does not yet have majority support among voters — has been helped by the absence of strong opposition from Ireland's Roman Catholic Church. It was to win the church hierarchy's approval of Irish independence from Britain that the divorce ban and a

since-repealed guarantee of a "special position" for the church in Ireland were originally written into the constitution.

Cardinal Tomas O Fiaich, the Catholic primate of Ireland, said in a recent radio interview it appeared that divorce would be legalized within the next five or 10 years. Despite its disapproval of this trend in public opinion, he said, the church will not instruct Irish voters — about 90 percent of whom are Catholic — to oppose a referendum removing the divorce ban from the constitution.

Mr. FitzGerald said his campaign for constitutional change puts an extra burden on his minority coalition government at a time when it must take unpopular steps to deal with a serious financial crisis.

Opposition Group Forms New Party In the Philippines

New York Times Service

MANILA — Fourteen members of various opposition groups have formed a new party, the Social Democratic Party of the Philippines, to begin building a unified opposition to the rule of President Ferdinand E. Marcos.

Elections are tentatively planned in June for barangays, or citizens' assemblies, which are like town councils and are the smallest political units in the Philippines. If the new party can organize a grass-roots following quickly enough to make a respectable showing in the elections, it may be able to run candidates in the 1984 elections for the National Assembly. Mr. Marcos, who won a six-year term in an uncontested election last June, will not run again until 1986.

Since the lifting of martial law last June 17, there has been increased political activity, although the opposition groups have not shown any inclination to unite. The Social Democratic Party, which describes itself as a grouping of several opposition assemblies, still does not represent a coalition of the groups whose men represent.

Josefina A. Adaza, an opposition leader, denounced the new party as "nothing but a counterfeit opposition loyal to President Marcos." Mr. Marcos has welcomed the formation of the new party, whose leaders have said they want to form a "truly democratic system of government" while providing the country with "an alternative to a violent revolution."



Garret FitzGerald speaking at a recent news conference.

Strategic Town Reported to Fall To Chad Rebels

The Associated Press

PARIS — Anti-government insurgents have captured the strategic town of Oum Hadjer in eastern Chad, and peacekeeping troops have been sent to reinforce the neighboring town of Ati, according to reports reaching Paris.

The commander of the Zairian contingent of the Organization of African Unity peacekeeping force said troops loyal to former Chadian Defense Minister Hissene Habre now control Oum Hadjer, more than 150 miles (240 kilometers) from Chad's border with Sudan, according to an Agence France-Presse report Saturday.

Mr. Habre's forces control much of the eastern border from their sanctuaries in Sudan, but generally they have refrained from striking so close to the center of the country.

On Dec. 8, 1,000 members of the OAU force from Zaire were sent to Ati, about 90 miles from Oum Hadjer, AFP reported.

The OAU force was sent into Chad when the more than 4,000 Libyan troops who had intervened in Chad's civil war last December pulled out in November.

3 Die in Seoul Explosion

Reuters

SEOUL — Three persons were killed and about 90 were injured when a ceiling collapsed on diners in a basement restaurant after an explosion Saturday, police said. They said they believed the explosion was caused by cooking gas.

Cambodia Issue Dominates Region

(Continued from Page 1)

reached a stalemate, the officials said, with neither side able to defeat the other.

Now the Khmer Rouge are vowing to significantly raise the level of fighting. Specifically, diplomats said, the guerrilla army under the deposed Cambodian premier, Pol Pot, has indicated plans to begin large-scale operations in western and northwestern Cambodia.

Based on reports of Vietnamese movements, diplomats expect Hanoi's army to intensify operations in northwestern and central Cambodia as part of efforts to seal sections of the Thai-Cambodian border and to secure the important Route 6 in the north-central part of the country.

Further complicating the situation is the replacement earlier this month of Pen Sovann as head of the Phnom Penh government's ruling Communist Party, ostensibly for health reasons. Diplomats expect Samrin assumed the key post, surprising many diplomats who considered Pen Sovann to hold the real power.

Since then, Mr. Pen Sovann's fate has remained unknown. The most current theory among diplomats is that the Vietnamese have got rid of their erstwhile protégé because he was showing signs of independence and encouraging closer ties with Moscow.

Western relief officials in Phnom Penh have noticed signs of Vietnamese suspicions that the So-

viet Union has been trying to bypass Hanoi and develop an independent relationship with the Cambodian government. Although Moscow essentially handles the Vietnamese war effort in Cambodia, Hanoi jealously guards its control of the Phnom Penh government.

If the theory of Mr. Pen Sovann's demise is true, it would indicate an even more uncompromising stance by Vietnam on negotiating an end to its occupation. With their own problems in Afghanistan and Poland, economic difficulties at home and the heavy burden of aid to Vietnam, the Soviet Union is seen as more amenable to a compromise in Cambodia than a compromise. ASEAN's aim is to

forge a coalition of the groups, thereby diluting the role of the Khmer Rouge in Cambodia's UN-recognized government.

But the Khmer Rouge and a progressive coalition partner, the anti-Communist Khmer People's National Liberation Front, led by Son Sann, a former premier under Prince Norodom Sihanouk, have been publicly denouncing each other in increasingly strident terms lately despite an agreement in September to refrain from such criticism.

The Khmer Rouge, backed by China, appear to have been laying the groundwork to reject ASEAN proposals for a loose coalition government to include the Khmer Rouge, Mr. Son Sann's Front and a faction led by the former Cambodian head of state, Prince Sihanouk.

Having banked heavily on such a coalition to make the deposed Khmer Rouge government more internationally presentable, ASEAN now faces a potentially serious diplomatic setback if expected Khmer Rouge counterproposals prove unacceptable.

Accordingly, ASEAN members are trying to persuade Peking to pressure the Khmer Rouge into accepting the coalition proposals, which have already been endorsed by the two non-Communist parties.

As the issue unfolds, Washington has been left mainly on the sidelines.

Primary Goals

"Now we have one party, the FSLN [Sandinista front], which has an army of its own, its own police — because the police is the party police — full control of television, and can order the junta what to do," Mr. Robelo said in an interview. "That's why we could not stay. The frentes' primary goals are the military consolidation of the party in power and the indoctrination of the Nicaraguan people in their ideology."

The Sandinista front speaks of elections in 1985, but foreign observers in Nicaragua doubt that the Sandinistas will allow elections of the sort that could turn them out of power. The stated aim of the revolutionary government in the summer of 1979 was a multiparty system, a mixed economy and free elections.

The nine-man directorate of the Sandinista front is now the most powerful body in the country, and all nine members have expressed Marxist-Leninist views. Under its influence, the economy grows closer daily to full government control, economists experts say.

"I feel the country is in danger," Mr. Robelo said. "The revolution also belongs to people like myself, who are not Marxist-Leninists. The economy is going down the drain very fast, and repression comes more and more. We don't have much time."

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مكتبة الأمل

Afghanistan's Tribal Tradition Makes Unity Elusive for Either Side in Conflict

By Jere van Dyck

MAHALAJAT, Afghanistan — In mid-November, in a desert hamlet just across the border in Pakistan, Habibullah Karzai, a clan-javan man who once represented Afghanistan at the United Nations, explained how the fighting in his country had turned him and almost every other Afghan back into tribal people.

"Afghanistan is now governed by one basic law, the law of the jungle," said the man who now serves as liaison between the fighters of his Popalzai tribe and the outside world. "The people need something to grab onto, and in a land where 95 percent of the people are illiterate there is only one thing they have — the ancient laws of their tribes."

"As for the political parties based in Peshawar, they have no authority, no tradition, no laws," Mr. Karzai said. "They have only been around for a few years. The tribes have existed for centuries."

One of the undercurrents of the fighting is a fundamental conflict between the political groups that are seeking to extend their author-

ity throughout the country and individual tribes that are deeply suspicious of outsiders, often even members of related clans, let alone people from other provinces or language groups.

And while it is the political parties with their spokesmen in Peshawar and their links to arms suppliers that have learned to promote their interests in the world press, most of the fighting groups inside Afghanistan are organized like most of Afghan life itself — along tribal and feudal lines.

In Kandahar province, the strong imprint of tribal organization is evident in the landscape. Single-story, domed huts stretch out in a confused welter covering several scores of acres.

These settlements include many villages, and every one of the inhabitants knows where the boundaries are that separate clan from clan and where the influence of one tribal chief or Moslem preacher gives way to that of another. All are familiar with the history of their tribe and its customs, and powers of government in the sense of a nation-state have always been flimsy and distant.

In Pakia province, a mountainous area, the villages are more distinct and farther apart, and each seems to exist as a self-sufficient unit. The people there make it clear that even before "the Communists" came they had little love of the central administration in Kabul, which they said merely tried to collect taxes or recruit troops or send bureaucrats who demanded bribes.

In the mountain hamlets, except for the weapons, the portable radios and the occasional helicopter overhead, it often appears that the tribal people have easily accommodated themselves to a return to the Bronze Age.

In Kandahar, the groups of mujahidin, or Islamic warriors, always come from the same tribe and in most cases are led by a chief who inherited the title. Often he is also the largest landlord in the area. In Pakia, almost all the fighting bands were led by mullahs, the priests or righteous men of Islam, but even in these cases tribal elders had key roles.

For three days in November, this reporter lived with 25 guerrillas in a mountain encampment near Naka, a small village. The men who had lived together for the previous two years

as a fighting unit, moved through their daily duties without apparent commands. Some baked bread every day. Others brought water from a well, chopped wood or tended the animals — a horse, two mules and a camel. Members of one group took turns manning the anti-aircraft gun.

Five times a day, Mawlawi Abdul Chagor cupped his hands and called the men to prayer. He was the mullah and the commander and seemed to be in authority. Yet, a few weeks earlier, when he had ordered a man and woman to be executed for adultery, the order was countermanded. The local chief with authority over the couple, who were from the Mangal clan, ordered that they be shot instead. Tribal law, the code of behavior known as *push-tawali*, had superseded Koranic precepts.

Under this system the requirement to extend hospitality to the traveler or fugitive is balanced by another obligation to avenge insults to the blood with blood. One afternoon, a group traveling along a mountain ridge found it necessary to stop while gunfire was exchanged between two clans in a valley below. The shooting lasted two hours and ended only

when 10 men from one group emerged from a thicket, put down their rifles and washed in a stream before evening prayers.

Fuads of this sort sometimes linger for generations, and a number of Afghans say that *badal*, as the requirement of vendetta is called, will oblige tribesmen to avenge themselves on the Russians for the deaths of relatives.

There are some Westernized Afghans who feel and hope that out of the dislocation and turmoil some truly national leader might emerge, but this has not yet happened, and the tenacious hold of tribal identities makes it seem unlikely.

But if Afghan tribalism impedes the formation of any unified command, it also must frustrate the Russians and their Afghan followers.

"I don't see how the Communists can ever rule Afghanistan," said the urban Mr. Karzai. "For one thing, they have the support of only 5 percent of the people, and those people are all in the cities, cut off from the tribes. Second, no political system can work without an underlying culture, and in the East that culture is profoundly tribal."

"It will take at least a century for a new culture to develop, and the only way to speed up the process is for the Russians to do what the Khmer Rouge did in Kampuchea [Cambodia] or what Stalin did in the Moslem areas of the Soviet Union," he went on. "They must change the existing culture first to create a new culture, and that means either genocide or driving the population out of the country."

Protests on Anniversary

ISLAMABAD, Pakistan (UPI) — Afghan residents and refugees in five Pakistani cities and in New Delhi staged anti-Soviet protests on Sunday, the second anniversary of the Soviet-supported coup in Afghanistan.

In Peshawar, a Pakistani city 20 miles (32 kilometers) from the border with Afghanistan where many of the refugees from the conflict live, nearly 12,000 Afghans cheered protest leaders who burned Soviet flags and effigies of Soviet President Leonid I. Brezhnev. Demonstrations were also held in Quetta, Karachi, Lahore and Islamabad.

China May Use Mineral Revenues To Modernize Army, Study Finds

By Drew Middleton

NEW YORK — China may have found a solution to its most pressing military problem: how to modernize its army on limited financial resources.

The solution, according to a recent study, may be the production and sale of strategic minerals to the United States and other members of the Atlantic alliance to provide the money required to begin to modernize the army.

Among the conclusions in the study by Douglas T. Stuart and William T. Tow of the University of Southern California is that the United States and China will continue to expand arms trade in the medium term but that "actual weapons purchases will probably be infrequent and of limited financial or military importance."

A similar conclusion has been reached by U.S. and West European analysts. European governments are disappointed by the failure of the Chinese so far to make extensive purchases of arms. The pattern in Britain, France and Belgium has been one of extensive consultation between Chinese missions but limited purchases of weapons systems that will serve as models for reproduction in China.

'Comparison Shopping'

Mr. Stuart and Mr. Tow regard these tentative approaches as a variation on the traditional Chinese strategy of "making barbarians fight barbarians." But they point out that, until the Chinese have found the money, they are likely to continue what a British analyst called "comparison shopping" in the arms field.

The costs of modernizing the army are astronomical. U.S. government studies estimate that the provision of what is called "a confident capability" for defense against Soviet attack would cost \$41 billion to \$63 billion.

According to the study, China may be an alternative supplier of

strategic metals such as titanium, vanadium and tantalum, which are essential in the production of advanced aircraft. A high percentage of these metals come to the United States from southern Africa and other regions where political instability is common.

Last year, Peking formed the China National Metallurgical Import and Export Corp. to market these minerals. Success came rapidly. The study reports that in the first half of 1981 the corporation signed contracts for the export of nonferrous and rare metals totaling more than \$290 million, an increase of 150 percent over the same period in 1980. The expectation is that these exports will pass the \$1 billion mark in 1982.

The money is unlikely to be devoted solely to military purchases. Government analysts in the United States and abroad, as well as the authors of the study, point out that, although China has been moving ponderously toward weapons modernization, constraints on that movement exist within the government.

Military expenditure has been reduced despite the government's concern about what it considers the Soviet threat and the recognition that, in the brief war with Vietnam in 1979, China demonstrated startling deficiencies in the air force, command and control systems and combat support.

Mr. Stuart and Mr. Tow say military expenditures have fallen from 17.5 percent of the Chinese budget in 1979 to 15.6 percent in 1981. This reduction has been part of a general retrenchment in industry, agriculture and transportation.

Moreover, the modernization program sponsored by Deng Xiaoping has been opposed by sections of the Communist Party and the military that adhere to the philosophy that any invader will "drown in the human sea" of China's army of almost 4 million.

The study concludes that the modernizers are "not yet in firm control within the military and that many in the army resent the treatment given it by the present political leadership."

Mr. Stuart and Mr. Tow say the Reagan administration "will continue to move further and faster toward a policy of arming China against Russia."

The Russians, they emphasize, have a centuries-old fear of China. The improvement in U.S.-Chinese relations and the prospect of extensive U.S. sales of weapons to China have already exacerbated that fear, according to experts on Soviet military behavior.

The Chinese, for their part, are single-minded about their program. They know they need modern weapons to be able to deter any Soviet adventures. Western analysts, while accepting this as the basic Chinese view, also point out that the army and the political leadership have old scores to settle in East Asia, starting with Vietnam.

Chinese Party Backs Ideology in Industry

Los Angeles Times Service

PEKING — The Communist Party's policy-making Central Committee has declared, in a major reversal, that the Maoist principle of putting "politics in command" of industry was correct.

The declaration brings into the open a fight within the leadership over China's development strategy. In a clear attack on Premier Zhao Ziyang, an advocate of modern, pragmatic management and increasing use of economic incentives, the Central Committee said Friday that ideological and political motivation should again be stressed and the current "laxness in ideological and political work" ended.

The Central Committee held up as a model the Daxing oil field in northeast China. Daxing, which Mao made a model for Chinese industry in 1964 because of its reliance on its workers' mass enthusiasm, had not been mentioned positively in more than two years, and the revival of the slogan "in industry learn from Daxing" has great political meaning here.

Hua Guofeng, while premier and party chairman in 1977, planned a national industrial conference on "learning from Daxing." When he was removed as premier in September, 1980, and Mr. Zhao was installed, the plans were junked and the whole strategy criticized as leftist and unworkable. This criticism was repeated last June when Mr. Hua was replaced as party chairman.

But the Central Committee said



Robert O. Muller, one of the delegation of four U.S. veterans who went back to Vietnam for six days at Hanoi's invitation, is greeted by his wife, Virginia, on his return to the United States.

Hanoi Airs Report on Child Deformities

The Associated Press

BANGKOK — Two days after a group of U.S. veterans left Vietnam after seeking information on missing servicemen and the defoliant Agent Orange, Radio Hanoi broadcast an account of deformed children in an area sprayed with defoliants northwest of Ho Chi Minh City.

The broadcast, monitored in Bangkok, quoted Vietnamese journalists who said they encountered three deformed children born in areas defoliated by U.S. forces in the early 1960s about 25 miles (40 kilometers) from the provincial capital of Tay Ninh, near the Cambodian border.

The radio quoted reports of two women who said they had borne several normal children before settling in the sprayed areas, but have since given birth to deformed children.

It also quoted the director of a provincial hospital who tentatively concluded that there were three times as many congenital deformities in a village subjected to chemical spray as there were in a village not subject to defoliant.

Four members of the Vietnam Veterans of America arrived back in the United States on Friday after a six-day visit to Vietnam during which, they said, the Vietnamese agreed to help trace missing servicemen and to admit U.S. scientists and doctors to do research with Vietnamese experts in heavily defoliated areas.

The veterans' organization is pressing for recognition from the U.S. government that contact with the Agent Orange has caused some servicemen physical damage and led to deformities in their children.

The Vietnamese news media have not referred to the veterans' visit, except initially to say that one of the Americans' purposes was "to denounce" U.S. use of the defoliant during the Vietnam War.

The International Herald Tribune invites you to — MEET THE NEW — FRENCH ADMINISTRATION

February 8 and 9, 1982 in Paris

The election of François Mitterrand and the subsequent Socialist victory in the French parliamentary elections clearly mark an important turning point for the French economy.

With the cooperation of the new Socialist government, the International Herald Tribune has organized a conference designed to help senior executives of foreign companies judge how the new administration's policies will affect their company's activities and investment in France.

Prime Minister Pierre Mauroy will open this meeting on "New French Economic Policies," to be held February 8 and 9 at the Intercontinental Hotel in Paris.

The program will include presentations by Jacques Delors, Finance Minister; Michel Jobert, Minister of Foreign Trade; Michel Rocard, Minister of Planning and Regional Development; Nicole Questiaux, Minister of Social Policy; Pierre Dreyfus, Minister of Industry; André Chadenet, Minister delegated to the Minister of Foreign Affairs, in charge of European Affairs; and Laurent Fabius, Minister delegated to the Finance Minister, in charge of the Budget, as well as Jacques Attali, Special Counsellor to the President; Bernard Attali, President of D.A.T.A.R., the French government's regional development agency; Christian Goux, Chairman of the Economic and Finance Committee of the National Assembly, and other senior government officials.

Additional insights on various aspects of doing business in France will be provided by André Bergeron, Secretary General of the "Force Ouvrière" trade union, by a panel of French and foreign bankers and by a panel of industrialists. The latter will include: Rodolph Boniface, Chairman of Ford France; Jean Candolis, Chairman of Rhône-Poulenc; Jean-Luc Lagardère, Chairman of Matra; Bernard Lathière, President of Airbus Industries; and Yves Ragouneau, President of Sony France.

Each presentation will be followed by a question and answer period, and simultaneous French-English translation will be provided at all times.

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On Faith and Freedom

Faith and freedom, as President Reagan aptly put it, are the twin beacons that brighten the American sky in the Christmas season. Faith in the power of love to conquer cruelty; freedom to pursue the potential of every person and community. It was altogether fitting for Reagan to join his Christmas prayer to a solemn warning that Americans would, without violence, punish the foes of freedom who desecrate this holiday.

First of all in Poland. The president's warnings to Warsaw and Moscow were timely and measured. They offered a choice: East-West collaboration in rebuilding Polish society, or painful sanctions against the strained economies of the entire Soviet bloc. This is intervention, but not to implant America's preference in social systems. It is intervention in defense of civilized values that Communists profess to share — the most basic rights of dissent and conscience.

In rebelling against a failed system, the Polish people do not threaten the Warsaw Pact. They demand only workers' rights in a workers' state. If that somehow threatens Soviet ideology, the remedy lies in Soviet reforms and not in the export of martial terror. Barbarity, like freedom, is contagious. The defeat of Stalinism is the business of every modern state.

Believing that there may yet be a path out of the Polish darkness, Reagan has so far im-

posed only the mildest sanctions. Yet he was firm in warning of costlier actions if Warsaw and Moscow persist in their war against the Polish people. To enjoy — indeed, depend upon — constructive relations with other peoples, the Communist governments simply have to learn to deal humanely with movements like Solidarity.

In this of all seasons, we recognize that the ideals of freedom are only imperfectly realized on Earth. A mere nine years ago, Americans were ruthlessly bombing North Vietnam. One evil, however, does not validate another. To stop judging others would be to let all values disappear.

So not only Poland, Mr. President: There were, alas, not enough White House windows in which to light candles for all the world's oppressed this Christmas.

As in Poland, governments are at war with their own people in Guatemala, El Salvador and Afghanistan. In Indonesia, the people of East Timor are still being destroyed with genocidal fury. In South Africa and Iran, protest against appalling suppression and racism is cruelly crushed.

These brutalities, too, are defended as ideologically imperative, but all offend faith and freedom. Their perpetrators, too, deserve notice that such crimes against humanity "will cost them dearly."

THE NEW YORK TIMES.

White House Omissions

An administration's view of itself is always at least modestly interesting for its choices of emphasis and its ringing omissions. Mr. Reagan's White House has just published an assessment of its first year's work. It is interesting to speculate whether the sequel, a year from now, will not perhaps reflect an administration that, under the pressure of external events and a disappointing economy, has begun to give more prominence to foreign policy and less to tax legislation. But the present review, like the White House itself from the beginning of the year, gives absolute priority to economic reform.

As you would expect, the main focus remains on the great campaigns to lower both taxes and spending. But this review does not get into the painful truth that the reduction of taxes has gone very much farther and faster than the reduction of spending. The term "deficit" seems to have dropped out of the vocabulary altogether. Perhaps the White House feels that the word has been worn out by overuse and deserves to be retired. This report provides large graphs to show even the most casual reader the speed at which inflation and the interest rates are dropping. It offers no clue as to the direction in which the deficit, if any, might be heading.

The administration justly takes credit for its defense of free trade, and observes that it courageously terminated the import quotas on shoes. Good for the administration — and lucky for the shoemakers that Toyota and Datsun don't make shoes. Many people in the United States feel, rightly or wrongly, that the automobile industry provides a more important test of trade policy. It would be

churlish, and a violation of the holiday spirit, to take up here the import quotas on Japanese cars and the way in which they were imposed last spring.

This self-appraisal by the White House also notes the country's continuing progress toward cleaner air. Ungenerously, it fails to add that this continuing progress is largely owed to Sen. Robert T. Stafford, Republican chairman of the environment committee, and his refusal to entertain the administration's draft amendments to the Clean Air Act.

On foreign policy, the only purpose of this document is to reiterate the Reagan administration's basic intention of establishing itself as a firm and consistent ally to its friends, capable of resisting Soviet encroachments. There is no discussion of the two major concerns of recent months — the friction between the United States and Israel, and the Soviet pressure on Poland.

Under the heading "Relations with the Soviet Union," this document suggests that Mr. Reagan's defense budget has transformed the international atmosphere and "provided a good setting for serious and equitable negotiations with the U.S.S.R. and the Eastern bloc on outstanding disagreements." Let us hope so, but you would have trouble proving it by the recent events in Warsaw.

The newspapers, in their lighthearted way, have been calling this amiable document a report card. Any student will recognize the misnomer. It is, in fact, what is known as a self-graded take-home quiz. The final exam comes later, and not even a president is allowed to set his own grade.

THE WASHINGTON POST.

The Freedom to Travel

The State Department was at its stuffy worst in explaining why it has barred a speaking tour by the Rev. Ian Paisley, the Protestant hard-liner from Northern Ireland. It said his presence would be "prejudicial to U.S. public interests." What is truly prejudicial is the department's nanny-knows-best attitude about whom Americans may hear.

Of course Paisley expresses views that affront many Americans. But that is not the real reason why his visa was revoked. Earlier this year, bowing to pressure from different quarters, State refused entry to Owen Carron, an outspoken defender of the Irish Republican Army. Like Paisley, he holds a seat in the British Parliament.

By denying entry to Carron, the department invited an uproar when the Paisley visit was announced. After 130 members of Congress protested the double standard, the administration backed down, permitting Rep. Mario Biaggi to claim a victory for the Irish caucus that he aims to lead.

It is a dubious victory. Nobody wins when debaters are silenced and Americans are de-

nied a firsthand chance to judge the arguments. Better to lower the gate, even to the most divisive of speakers, than to give one group of Americans the power to censor what another may hear. Carron was ostensibly excluded because he might make excuses for IRA violence, but Bernadette Devlin McAliskey toured America not long ago doing just that.

Carron and Paisley are not the first controversial figures the administration has kept from U.S. audiences. Earlier this year a Soviet official was prevented from taking part in a public television debate. Then Cuban officials were barred from speaking at reputable forums in New York and Washington.

These exclusions offend the spirit of the 1975 Helsinki Accords, signed by both the United States and the Soviet Union, to promote freer movement of people and ideas. The next time President Reagan taunts Moscow about the Soviet Union's closed frontiers, he risks the retort that America, too, has its travel blacklist.

THE NEW YORK TIMES.

Other Opinion

Peking on the Saudi Arabian Plan

It appears that a comprehensive and just settlement of the Middle East question depends largely on the determined efforts of the Arab countries to work out a united strat-

egy and a united plan on the basis of the Saudi Arabian proposal. [The United States would] surely have the means to force Israel to accept the reasonable demands of the Arab nations.

— From Xinhua News Agency (Peking).

Dec. 28: From Our Pages of 75 and 50 Years Ago

1906: Japan Turns Conciliatory

ST. PETERSBURG — M. Motono, the Japanese minister, during his conference with M. Izvolsky suddenly showed himself very conciliatory. The sudden volte-face is explained by the fact that Japan fears to have to submit her impossible pretensions to an international arbitration court. The emptiness of the Japanese Treasury makes a loan necessary, which is foreseen for April. The change of attitude on the part of Japan does not, however, inspire much confidence, for Russia has not forgotten how she attacked Port Arthur without a declaration of war and in spite of pacific assurances. M. Motono will leave very shortly for Paris, which will do much to calm public opinion.

1931: U.S. Maneuvers in Pacific

WASHINGTON — The entire strength of the United States Navy and a portion of the Army will be mustered in the Pacific in February and March to carry out two of the greatest naval maneuvers ever planned. The first will entail a raid on the Hawaiian Islands, and the second a gigantic attempt to gain a foothold on the Pacific coast. The latter will include every ship in the Navy and will involve the use of transports that will try to land armed forces under protection of a battle fleet. The maneuvers will coincide with the general disarmament conference at Geneva, and there is a possibility that the first maneuver, held fairly close to Japanese waters, may bring some comment from Tokyo.

Abiding by Our Symbols

By Flora Lewis

PARIS — This is the season of symbols. The star of Bethlehem and the chant of peace and good will to men are ancient symbols still full of life because the age-old aspirations remain beyond our grasp.

The message of joy, of renewal, is a personal one to each of us. It is not my purpose to discuss it, because we each know best what special blessings have come to gladden our anxious hearts. But symbols are public matters, too, of the greatest importance. They reflect the magnetic force that binds us, weak and bewildered, into societies. Sad to say, they also serve to signify our divisions and hostilities.

The revered symbols of three religions stand together in Jerusalem, a city of other hills, rocky stone and dusty olive. It is not yet a city of peace, and the prospects are not in sight. So it is all the more disturbing that at a time of great tensions, Israel's Prime Minister Menachem Begin has chosen a different kind of symbol to assert his country's will to exist. The annexation of the Golan Heights is a gesture, an act of political defiance, since it does not change lines of force in the Middle East or resolve any issue.

Syria was not about to consider peace on any terms. Israel's action adds fire to the arguments of those who oppose thought of negotiation, but it does not change the current situation.

With his sense of drama and history, Begin knew he would provoke a spatter of fury, and he was ready to beat the pitch of indignation with his own outlandish retorts. But he underestimated the symbolism involved. It is nothing less than Israel's search for the security of peace. That, not a strip of strategic territory, is the commitment given by Israel's supporters. Not necessarily Begin but Israel itself will lose the sympathetic understanding it desperately needs if the goal of peace, however distant it seems, has been made secondary to the claim to conquered soil.

There is, for now, no practical proposal to move the Middle East conflict beyond the state of impasse. But who could have foreseen, even a few weeks beforehand, the startling symbolic gesture of Aweza Sadat, offering a pilgrimage to Jerusalem in search of peace for his own unhappy land? Begin deserves some credit for the partial success of that initiative, but also some blame for the failure to complete it with progress on Palestinian autonomy.

If he had had the imagination to take even the first steps toward granting autonomy immediately, instead of waiting for bargaining, that would be a symbol that might have made the bleak outlook very different now.

Max Kohnstamm, a Dutchman who was a close aide to the late Jean Monnet and watched him combine leaps of imagination with potent symbolism and practical plans to transform Western Europe, has tried to apply that approach to the Middle East. In a recent lecture honoring the "Father of Europe," he suggested another effort to find common ground through talks on everyday problems — development, water, energy, food, the things people in the region have in common and with which they can help each other.

It's a nice idea, but it isn't more likely to work now than before, for lack of a symbol compelling enough to overwhelm resentment and suspicion. Western societies, with their tough reliance on functional success and material achievement, tend to overlook the importance of symbols, or rather to separate them into an isolated category of ideals not directly related to the hard facts of international life. The rash of peace movements in Europe, I suspect, owes something to the perception that this separation is false. The symbols are a part of human reality, and they must be served with both words and deeds.

It is distressing to read a French Socialist, Michel de la Fournière, who is his party's national secretary for human rights, pleading eloquently for suppressed Poles, denouncing the military coup, and yet saying the following as a matter of course: "The French Socialist ignores the reality of the two imperialisms that split up the world, and the centuries-old drama that her geography imposes on Poland."

This is not a neutralist speaking, and certainly not a Communist sympathizer. And yet he talks of "the two imperialisms" as equals, as though France in the West suffered constraints similar to those of Poland in the East.

Many people speak this way, in Europe and elsewhere. It does reflect a double standard, but there is a reason for it.

The United States has long established itself as a worldwide symbol for freedom, human rights, respect for the individual. It is judged as much on its effort to fulfill its own symbolic status, in Latin America for example, as by comparison with the cynical Soviet superpower. The measure is much higher for America, and that should be a source of pride.

Embodying a symbol is a special responsibility in a frightened world, and a special privilege. This is a season for Americans, Israelis and all free people to acknowledge the duty of respect for what we symbolize by living as well as we can by our cherished standards in dealing with others.

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The Special Relationship Persists

By William Keegan

LONDON — Judging from U.S. newspaper reports, opinion on the western side of the Atlantic seems to believe that the British are becoming increasingly anti-American. Meanwhile, British opinion seems to believe that Americans are becoming increasingly suspicious of Britain.

I think that it is wrong for Americans to leap to the conclusion that British hostility toward the United States has grown. In my view, sentiment here is still firmly pro-American. Perhaps it is closer to the truth to suggest that people here are disappointed less by America than by the Reagan administration, which has failed to gain widespread sympathy for at least a couple of reasons.

Rightly or wrongly, there is the widespread suspicion in Britain that President Reagan and his inner circle, being Californians, are not as committed to the Atlantic Alliance as was America's traditional East Coast foreign policy establishment.

British attitudes toward the United States vary according to generation. They are often unclear.

My own generation, born just before World War II, did not have to be told that we had a "special relationship" with the United States — politically, economically and culturally. We were aware of

America's decisive contribution to victory, and we knew about the U.S. contribution to our postwar recovery. We grew up with Hollywood films and chewing gum, and our disc jockeys still affect a so-called "mid-Atlantic" accent heavily American in tone.

As our empire evaporated, we clung even more tenaciously to our American cousins. Partly due to our own inclinations and partly to French suspicion, we did not join the European Economic Community until 1973.

Throughout that period, we took the American link with Britain for granted. Never were the two countries ruffled by the kind of friction that existed between the United States and President de Gaulle's France. For instance, we welcomed U.S. bases on our soil as evidence of joint defense — although we developed an "independent nuclear deterrent" to save our national pride.

The assumption now is that these bonds are eroding. The proof can be found in surveys that show, among other things, that a majority of the British favor the withdrawal from Britain of American air bases which have been here since the days of World War II.

Examined more carefully, however, the surveys tell a different story. For a majority of the same

respondents say that they approve continued British membership in NATO, which could not exist without the predominant American partner.

My feeling is that opposition to the bases, at which nuclear weapons are stationed, betrays a fear of becoming involved in a strategic conflict between the United States and the Soviet Union.

This apprehension is strongest in the age group between 18 and 24, which has no memory of the World War II alliance. It is this generation which manifests its apparent anti-Americanism most vocally. But the fact that 75 percent of the population is still faithful to NATO indicates that the concerns about America may be transient and superficial.

The polls tell me, therefore, that the British have not turned anti-American but are in an ambivalent mood toward the United States. They are worried about the Reagan administration's handling of foreign affairs. And they are worried that they might be abandoned by the Americans. But Britain still regards its U.S. relationship as vital.

The writer, an editor of *The Observer*, contributed this comment to the *International Writers Service*.

Central America: A Challenge to the World's Democracies

By Max Singer

of freedom, and even problems for U.S. security.

The principal current arenas are Nicaragua and El Salvador.

In Nicaragua, after a broad international coalition of democratic and Communist countries and local groups had combined to end

Army will be overwhelmingly the most powerful military force between Colombia and Mexico, and could be used subtly or directly to support totalitarian aggression, with its various claims of justice.

In El Salvador a democratic army officer corps deposed the old

Duarte, to prepare for elections in March, 1982, and to implement land reform, nationalize the banks and the coffee and sugar export business, improve the school system, etc. The revolutionary army also removed the leadership of the feared Salvadoran security forces



had been fighting the government there to form the FMLN, which now has a force of several thousand guerrillas fighting to throw out El Salvador's revolutionary government and prevent elections. If El Salvador's revolutionary government falls, there seems to be little possibility of preventing either the repressive military regime in Guatemala or the freely elected civilian government of Honduras from being replaced by Marxist-Leninist regimes allied to Cuba. Then drastic polarization is likely to be started in Mexico, which is nominally revolutionary but socially backward. Violent conflict in Mexico would be likely to have serious security implications for the United States.

While the democracies cannot stop this process as easily as they could have stopped Hitler in 1936 or 1937, they can effectively use political action to organize support for democratic groups in Nicaragua and for the revolutionary government in El Salvador, and take relatively small, but intelligent, military measures.

Their great unused weapon is truth. If the democracies can achieve the political will and understanding to resist totalitarian aggression based on propaganda, diplomacy, terror and military force, the necessary means can be found. Without the understanding and the will, nothing can be done.

The writer, deputy director of the Hudson Institute, contributed this comment to *The Washington Post*.

A Few Points Reagan Might Want to Make As the West's Leader

By William Safire

WASHINGTON — President Reagan's Christmas message was inadequate to the stormy present. Just as Jimmy Carter left the national Christmas tree dark to protest against the seizure of hostages in Iran, so Ronald Reagan put a candle in the window to display flickering American resolve at the rape of Poland.

Is the United States really that helpless? Is a superpower reduced to candle power? On the assumption that the feeble American re-

our signature as legitimization of the borders of Eastern Europe, including Poland, long a primary object of Soviet foreign policy.

Some idealists maintain that no matter how often the Soviet Union violates its solemn obligations under that treaty, the very continuance of the pact offers a forum for protest. The continuance of Polish oppression forces me to disagree. We do not need a platform for complaints, we need a firm reaction to the violation of a treaty.

In addition to the embargoes of equipment and food to take place unless Soviet oppression in Poland ceases forthwith, I am calling a conference of like-minded nations to discuss rescission of our approval of the Helsinki accord. If it is Soviet policy to continue to intervene in Poland, it will be U.S. policy to remove any cause you think you have to believe that that agreement has been reached about post-World War II borders.

• To the people of Western Europe: Can there any longer be any doubt, after the dimming of freedom's lights in Poland, about the source of the danger to every democracy in Europe? Our unified reaction cannot be "If it gets much worse, we will bring our pressure to bear," because inaction will help it get worse and then our pressures will be too late. Our reaction must be: "We must respond now to the crackdown in Poland, and then relieve our pressure as the Russians lessen their own."

By their action in Poland, the Russians have put Western Europe on trial. If Europeans want to pursue business-as-usual, or if Europeans want to declare their continued support for a man's land in a contest between superpowers, then the United States will have to assess that new reality in plans for our own defense. We cannot defend a Europe that will not defend herself. If appeasement's umbrella reappears, our nuclear umbrella will disappear.

A question that plagued the West in the first half of this century re-emerges: What about the German problem? Only if Western Germany is exhibiting an alarming tolerance for Soviet repression, I hope this new weakness is a passing aberration, and will not encourage the U.S. Senate to pass a resolution calling for the phased return of U.S. troops from Europe.

In this regard, I have ordered a National Security Decision Directive to be drawn up for my review on the wisdom of maintaining the symbolic U.S. garrison in Berlin. Just as we do not presume to force West Germany to join the Warsaw Pact, we do not want an American trip-wire in Berlin unless it is properly valued.

• To the people of the United States: Let me add this word of hope as 1982 begins. In a year only a shock can awaken us to our blessings and our opportunities. The Soviet-ordered coup in Poland is such a shock, reminding us of the precious freedom we enjoy, underscoring the failures of a system that denies its citizens that freedom and awakening free people around the world to the opportunity of reinvigorating our alliances.

I wish you peace in the new year, with the knowledge that true peace can come only with freedom in its wings.

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Steve Mendelson
The Washington Post

sponse encourages the Russians to continue their invasion-by-proxy of Poland, here are some notes for a follow-up message. Having proved to world doves his patience and restraint at Christmas-time, President Reagan may want to assert his leadership of the free world in the new year.

• To the people of Poland: We hear your protests and will amplify them throughout the world. Do not listen to the voices that tell you your choice is "between martial law and civil war." That propaganda is written in Moscow; the truth is that the military junta has betrayed you.

• To the junta that has seized power: Since a military coup has taken place, the United States government will consider whether and when to recognize the new regime. So long as the junta requires the use of force to suppress significant resistance, the legitimacy of your government is in doubt.

We refuse to help underwrite the crushing of workers' rights. Accordingly, we will no longer postpone collection of unpaid loans. If you wish to keep your credit, turn to your Soviet masters for money; if they want to maintain their iron control, they will have to pay for it. If default inhibits all East-West trade, so be it; the choice is yours.

• To the Soviet government: Your decision to order the arrest of the leaders of Poland's Solidarity movement is the most flagrant violation of the Helsinki Final Act. In signing that treaty, you promised to guarantee certain basic human rights; you interpreted

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Shifts in World Trade Soften Global Impact of U.S. Slump

By Kenneth N. Gilpin
New York Times Service

NEW YORK — Not too long ago, the thought of a deep recession in the United States might have sent shivers through industrial and developing countries alike. However, while America's international economic influence remains vast — the United States generates roughly one-quarter of total global output — analysts say that, unless the depth and duration of the current U.S. recession far exceeds the latest forecasts, its international damage is likely to be limited.

To be sure, there is some negative fallout from the second U.S. recession in as many years. Protectionism, for example, thrives in bad times. With little or no growth forecast in major industrial economies next year, and unemployment rising here and abroad, pressures to curb trade further in labor-intensive industries such as steel, automobiles and textiles are expected to rise.

Countries with particularly important trading relationships with the United States — Canada and Japan, for example — are likely to suffer. And global recovery, when it occurs, is not likely to be vigorous. "This recession will aggravate export growth and real growth in gross national product the world over," said Harold Van B. Cleveland, a vice president and international economist at Citibank. "However, the drop will not be as severe overseas as it is here."

Various reasons are cited for the current recession's muted international impact.

One is that trends in the United States no longer determine world economic patterns. The international impact of recessions is generally transmitted abroad through falling exports and weaker import demand. Although the importance of America's trade sector to its own domestic economy has grown substantially over the past decade, and particularly since 1974, when the first oil-price shock occurred, its once-dominant position in the markets of developed and developing country markets has shrunk.

"America's impact on the world economy began to erode in the mid-1960s," said Helen Junz, an interna-

tional economist at Townsend-Greenspan & Co. "As the European Economic Community began to mature, European economies started to grow rapidly and intra-European trade began to rise sharply. And the oil price shocks of 1974 and 1979 have caused trade patterns to diverge further."

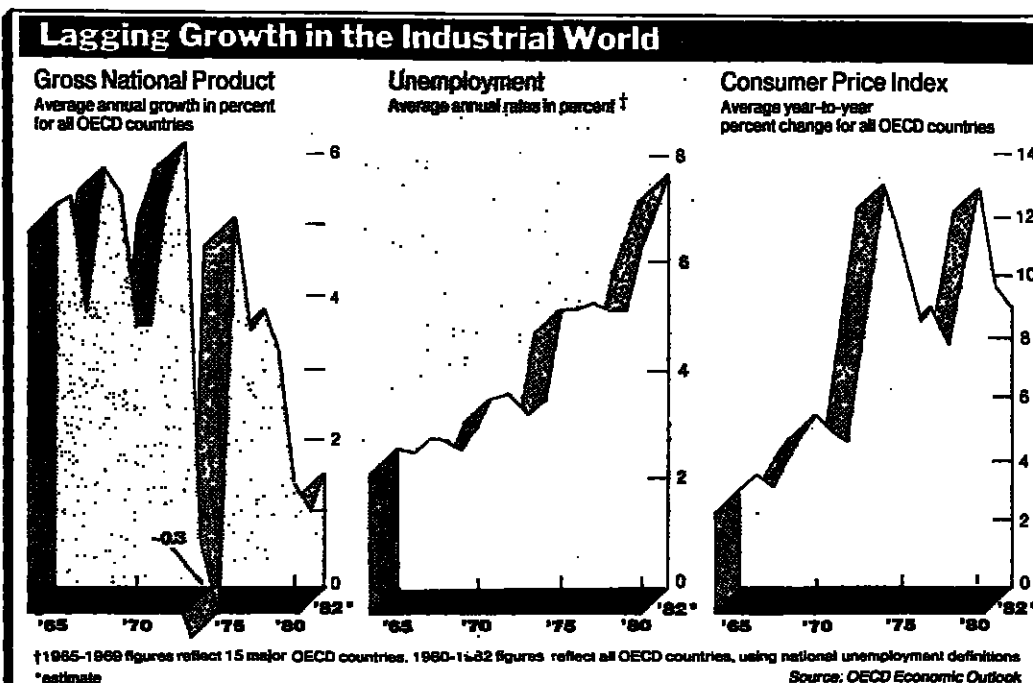
The shift in trade patterns has been steady rather than swift. In 1964, the United States enjoyed a 24.5 percent share of industrial country exports. By 1980, that share had shrunk to 17.7 percent. Although total world trade more than doubled between 1974 and 1980, the United States also has a smaller piece of total global trade today than previously. According to figures from the International Monetary Fund, in 1964 U.S. exports represented 17.2 percent of the world's total. Last year, the figure was 11.8 percent.

Paradoxically, while the international significance of America's trading role has diminished, the importance of trade to the U.S. economy has increased. Recent Commerce Department figures show that in 1980 U.S. exports were responsible for 8.2 percent of gross national product, a doubling from 1970 levels. The increase among other major industrial countries has not been so rapid. With the exception of Japan, exports in other major industrial countries accounted for more than 10 percent of GNP 10 years ago, and constituted more than 15 percent of total output last year.

Goods imported by the United States have also doubled in the last decade, to 9.8 percent of gross national product. However, with the exception of Japan, other major economies have import dependencies of more than 20 percent, an increase of between 4 and 9 percentage points from 10 years ago.

Another reason for the American recession's relatively minor international impact is that, with only one or two exceptions, conditions in many industrialized countries can not get much worse.

For the last two years, major industrial countries have been in a synchronized cyclical downturn, pursuing tight monetary and fiscal policies in an attempt to curb inflation generated by the latest rise in oil prices. The effort has indeed caused inflation rates to



fall, but sluggish growth, or none at all, and sharply higher unemployment have been inevitable side effects.

Generally, economists agree that European unemployment, which some see as a structural problem, is not likely to be aggravated by the U.S. recession. As a result, few expect major European countries such as West Germany and Britain to change their domestic policy emphasis in the wake of an economic contraction here.

"The Europeans are pretty much resigned to the U.S. recession," Mrs. Junz said. "Many of these countries don't seem to think they need to impose policies to offset it."

In its most recent semiannual forecast, the Organization for Economic Cooperation and Development predicted a "moderate" economic upturn in the region as a whole in 1982 in spite of negative growth in the United States. The organization cited renewed growth in personal income and consumption, a resumption of production and strong demand outside the OECD area as major forces making for recovery.

"Last year America only accounted for about 5.5 percent of European exports," said Roger Bird, director of the Wharton Econometric Forecasting Service. "If recovery there was going to occur, recession in the United States won't abort it."

Interest rates are also a factor. Although interest rate movements abroad have not fallen as rapidly as they have in the United States, recent declines in short-term and long-term rates will help mitigate some of the recession's adverse effect on trade.

Earlier this year, officials from developed and developing countries alike harshly criticized the monetary policies of the Reagan administration and the Federal Reserve Board, saying the Fed's tough stance had forced interest rates abroad to unacceptably high levels, prolonging the downturn and abating what some then viewed as a budding recovery.

As U.S. interest rates began to drop late last summer the complaints diminished, and then disappeared.

"The decline in interest rates will outweigh the economic effects of this recession," said Rimmer de

(Continued on Page 9, Col.1)

OPEC's Task for '82: Stopping Prices From Slipping Even Lower

By Douglas Martin
New York Times Service

NEW YORK — Although the Organization of Petroleum Exporting Countries has promised to freeze crude oil prices until the end of 1982, oil industry analysts now question whether OPEC will in fact be able to prevent prices from slipping.

The implication of this is that OPEC's power to increase or even to maintain world oil prices seems to be its weakest since the 1973 oil embargo by Arab countries, according to industry analysts, company officials and government energy experts.

The question is particularly significant because OPEC's main success over the years has been in defending a constantly rising minimum price, despite the organization's failure to develop an overall policy on oil production or effectively to set maximum prices. If the bottom falls out of the organization's pricing structure, some analysts reckon, OPEC's reason for being would be cast into doubt.

Spot Price Forecasts

Arnold Safer, president of the Energy Futures Group, is predicting that by mid-February the price of oil traded on the spot, or non-contract, market could undercut by 50 to 75 cents the \$34-a-barrel price for Arabian light crude that is used by OPEC as a base reference in the pricing of all grades produced by the 13-member organization.

"The market is going \$5 lower," said Harry Neustein, a crude oil trader. "They can't hold the price."

The weakness in oil prices was in evidence last week in price cuts by Libya and Algeria, ranging from 50 cents to \$1.20 a barrel, depending on grade. Their actions followed broad moves by OPEC at a meeting in Abu Dhabi in early December to trim another 20 cents to \$1 a barrel from the premiums it adds to the \$34 base price to reflect differences in quality and transportation costs. The premiums bring the maximum official OPEC contract price for best grades to \$37 a barrel.

A substantial drop in spot market prices, which are currently hovering around the \$34 base price, would create pressure for countries to lower their contract prices to gain sales from other producers.

Alternative Energy

The danger to OPEC stems from the high prices it has helped to engineer over the past eight years. In response to higher prices, demand for energy has slipped an average of 2.3 percent a year since the 1973 oil embargo. As well 700,000 barrels of daily oil production are being added each year and non-petroleum sources of energy — including hydropower, nuclear coal and natural gas — are increasing at a 4 percent annual rate. OPEC will, of course, fight to

prevent a collapse of its overall pricing structure as production continues to outpace the declining demand. The logical mechanism is to reduce production, something the organization has never been able to do on a coordinated basis.

The most likely candidate is Saudi Arabia, whose oil minister, Sheikh Ahmed Zaki Yamani, has promised that the country will defend the \$34 base price by limiting its massive oil production as much as necessary.

The kingdom, which accounts for about half of total OPEC production, has reduced its output to 8.5 million barrels a day in recent months from the 10.5 million level it maintained for most of the year.

Minimum Output Levels

A recent State Department study calculated that Saudi Arabia could reduce daily production to 6 million barrels without cutting into oil revenues needed for its massive development program.

Moreover, Sheikh Yamani suggested in a speech at the beginning of this year that Saudi Arabia was prepared to cut its production to 3 million barrels a day, although some analysts suggest this might not generate sufficient development revenues.

A decline in worldwide oil inventories to only about 150 million barrels above normal levels from 600 million at the beginning of 1981 is also exerting some upward pressure on prices, according to an analysis by Data Resources.

"As far as I'm concerned, the light is gone," said Constantine Flakos, of Merrill Lynch, Pierce, Fenner & Smith, referring to the reduction in worldwide inventories.

Nevertheless, several factors are responsible for pushing down prices. Worldwide economic activity continues to be slack, and many economists foresee recession continuing well into next year.

War Cuts Supplies

Current OPEC production of about 22 million barrels a day is about 4 million barrels below the capacity of the 13 countries, limited as it is by the Iran-Iraq war. And when production levels in Iran and Iraq return to normal, 5 million additional barrels of oil could enter world markets.

Moreover, the reduction in inventories might not strengthen prices as much as some analysts suggest. A combination of the increased costs of storing oil due to high interest rates and the ready availability of crude is convincing companies that they do not have to keep so much on hand. Before 1973, companies routinely got by with 25 to 30 days of inventories, rather than the 90 or more days that are now common.

According to Halsey Peckworth, editor of Platt's Oil Price Report, many companies are refraining from signing 1982 supply contracts until January or February, rather than in November, as has been customary. The reason is seen as an expectation that prices will decline further.



Worker pours steel at a European plant. U.S. companies complain about government aid given European steel makers.

U.S. Steel Firms Grow Impatient on Imports

Bethlehem Steel Executive Warns Europeans That Time Is Running Out

By Frank Swoboda
Washington Post Service

BETHLEHEM, Pa. — "The meter is running," Bethlehem Steel Chairman Donald Trautlein said, and so is the patience of the U.S. steel industry as it waits for the Reagan administration to stem shipments of low-priced steel from Western Europe into the United States.

Bethlehem, along with other U.S. steel companies, is prepared to bring action against West European steel producers under U.S. trade laws, Mr. Trautlein said last week, adding that he regards the issue to be open and shut. In most cases, the subsidies provided by West European governments to reduce the prices of steel exports are so large that very little of the steel can be sold here legally, he asserted.

But the unfair trade charges, if upheld, would lead to a virtual ban on European steel imports — an action that could trigger severe retaliation against U.S. exporters

and upset fundamental political ties between the United States and its European allies, according to the administration.

Mr. Trautlein's tough talk comes at a time when he sees the U.S. steel industry's level of production dropping in the first quarter of 1982 to at least 15 percent below the 1981 first quarter's level. As well, he said, unemployment in the industry already was nearly 25 percent and "obviously we don't see much in the first quarter."

Mr. Trautlein said he understands the administration's concern. "We're Americans first. We're aware that steel trade isn't the administration's only problem. U.S. steel producers are likely to sit tight for awhile if the administration is making significant progress with the Europeans, he indicated."

But the low-cost steel imports are taking away sales that are needed to pay for billions of dollars in essential modernization by U.S. producers, he added. "The whole modernization program is jeopardized by these imports."

Bethlehem is planning to spend about \$100 million next year out of a \$750 million, multi-year investment program to improve its facilities.

Mr. Trautlein conceded the U.S. steel industry was behind both the Japanese and the West Europeans in the amount of continuous casting operations in place. But he said U.S. steel makers were pushing to catch up.

Period of Relief Sought

In a similar argument to that made by the U.S. auto industry before the administration negotiated a "voluntary" agreement with the Japanese limiting car imports for two years, Mr. Trautlein says the domestic steel industry needs import relief for a three-to-five year period to allow it to complete its modernization program.

The industry must now decide whether antidumping suits would help or hinder that goal, he said. "The administration feels that a satisfactory resolution can be reached" without industry suits, Mr. Trautlein said, but the industry no longer may be willing to trust the kind of agreement the government is apt to come up with.

Previous administrations have won assurances from steel producing countries in Western Europe only to have the agreements broken, he said. Therefore, he added, "You have to look for something that gives you more than verbal assurances."

Industry leaders met last Monday with Commerce Secretary Malcolm Baldrige to discuss the status of government negotiations with the Europeans.

Mr. Trautlein would not reveal details of those talks. However, in a separate interview, Mr. Baldrige said progress was being made, though he gave no prediction of the outcome.

U.S. steel executives do not fully appreciate the shock felt by West European competitors this month when the Reagan administration itself brought dumping charges against foreign producers, Mr. Baldrige said. "We got their attention," he added.

To Our Readers

Most foreign-exchange markets were closed over the long Christmas holiday weekend. Currency quotations will resume in Tuesday's editions.

Gould: High-Tech Transformation Is Complete

By Thomas McCarroll
New York Times Service

CHICAGO — William T. Yivisaker of Gould Inc., a company best known as a battery maker, is breathing easier.

After having been repelled in two earlier attempts to buy his way into the semiconductor business, he arranged this month the takeover of American Microsystems Inc., of Santa Clara, Calif., for stock valued at about \$200 million. The move rounds out Mr. Yivisaker's long push to make Gould a full-fledged electronics company.

In less than a decade, Mr. Yivisaker, chairman and chief executive of Gould, has taken over more than 50 companies, putting Gould into such businesses as automation systems, torpedo and sonar defense systems, medical diagnostic systems and more, all in 77 plants located in the United States and 24 in foreign countries.

Cashing In

In short, he has built a \$2.2-billion high-technology behemoth and lost none of his ambition. "In the next two decades the electronics industry will lead all other industries in growth," he said. "And we want to be there to cash in."

In the process, Mr. Yivisaker, a patrician-looking, 57-year-old graduate of Yale University, has acquired a rather abrasive image, in dealings both with other companies and with his own managers. It is what he himself refers to as his "Darth Vader reputation." But, he insists, "My tough guy image is mostly myth. I'm an easy-going guy now, that stuff is a thing of the past."

The easy-going aspect was certainly not in evidence in his two previous attempts to corral a major semiconductor company. Two years ago he sought to acquire Fairchild Camera & Instrument Corp. and then Mostek Corp. Both were unfriendly acquisitions, and both collapsed. Fairchild, which Mr. Yivisaker still admits he "was very interested in" and "fought hard for" sold out instead to Schlumberger Ltd., United Technologies Corp., won Mostek, which Mr. Yivisaker now claims he "was not serious about."

He pressed on because whatever Gould's emerging strengths in other sectors of electronics, semi-

conductor technology is essential to them all. "They help us reduce cost and advance the state of our production," Mr. Yivisaker said. But this time, the acquisition is described by both sides as a friendly one — and Mr. Yivisaker professes himself well pleased with

GOULD

All amounts in millions except per share net

	1980	1979
Revenue	\$2,200	\$2,024
Profit	72	106
Per Share	2.10	3.78
Total Assets (of Dec. 31)	1,609	1,613

Divisions contributing to 1980 revenue

Electronic products	46%
Electrical products	8%
Batteries	16%
Industrial products	30%

his ultimate partner. "AMI is a better fit than either Fairchild or Mostek," he said. "AMI is smaller and has a broader base of technology which will be able to support our 32-bit minicomputer line, our defense systems, our factory automation systems, and our test and measurement and medical instrumentation work."

Custom-Designed Circuits

Among semiconductor companies, AMI is best known as a maker of custom-designed integrated circuits, a specialty that sets it apart from most of the industry, which concentrates on circuits for multiple applications. The company's sales last year of \$130 million put it in the industry's second tier. The acquisition means the electronics component of Gould's sales and earnings will swell even more. Just five years ago, before Mr. Yivisaker got firmly into his acquisition campaign, electronics sales totaled \$230 million and pre-tax profits were \$33 million. By last year, those totals had tripled.

All this is a major subtheme in a corporate strategy that has resulted in sales more than quintupling

in a decade while profits marched steadily ahead for nine years, until 1980. In that year, earnings dropped 34 percent to \$72 million, as Gould's electrical products and industrial lines were hit hard by the slump in housing construction and utility markets, while its battery business was badly beaten by competition in a slumping auto market and the erratic price of lead.

Part of that strategy involved dropping certain noncore segments of Gould's businesses, and Mr. Yivisaker plans to continue selling off some of the company's duller operations. This would affect industrial operations, which produces custom-engineered bearings, precision engine and metal structural parts and other industrial components and accounted for 30 percent of Gould's pre-tax earnings and 26 percent of its net sales last year.

A Little Introspection

There were rumors this year that Mr. Yivisaker was also thinking about putting the traditional battery division on the block, but he denied this. "Instead, the material developed by the electronics division will benefit battery develop-

ment work," he said, with equal optimism for the lagging electrical operations. "The electrical products line will also benefit from technologies developed by the electronics area," he said.

With AMI now in the corporate fold, many observers feel the time has come for management to try a little introspection.

Mr. Yivisaker has come under sometimes heavy criticism for keeping his top managers on too short a leash, leading to unusually high turnover. Among his defenders within the company, a staffer, who asked not to be identified, argued that "I don't think Bill deserves that tag. He just likes to be closely involved in the business and make his presence known."

But now, more important even than how Gould's separate divisions blend in together, "is how harmoniously Yivisaker can work with the new management and employees," said a high-technology analyst who preferred to go unidentified.

"Workers at high tech companies like AMI are highly mobile — the turnover rate is about 50 percent a year — and they fiercely cherish their independence," the analyst explained.

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US\$ 25,000,000 9% Notes 1976 due 1981/1982

Notice is hereby given to the holders of the 9% Notes 1976 due 1981/82 of Pakhoed Holding N.V. that, as the result of a drawing effected on December 18, 1981 in the presence of Chr. J. Lubbers, notary public in Amsterdam, in accordance with the terms of the Trust Agreement dated February 10, 1976, Notes belonging to Redemption Groups Nos. 2, 3, and 5, which means notes of which the number is the same as the number of the Redemption groups so drawn or five or a multiple of five higher, representing US\$ 15,000,000 principal amount, will be redeemed.

The Notes selected for redemption will be repaid at their principal amount on and after February 15, 1982 at the offices of the Paying Agents listed below, upon surrender of the Notes:

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595 Herengracht
Amsterdam
(Principal Paying Agent)

Banque Générale
du Luxembourg S.A.
14 Rue Aldringen
Luxembourg

Barclays Bank Limited
Securities Services Dept.
54 Lombard Street
London EC3P 3AH

Commerzbank A.B.
32-36 Neue Mainzer Strasse
D-6000 Frankfurt/Main

Crédit Suisse
8 Paradeplatz
CH-8001 Zürich

European American Bank
& Trust Company
10 Hanover Square
New York, NY 10005

European Banking Company
Limited
150 Leadenhall Street
London EC3V 4PP

Morgan Guaranty Trust
Company of New York
23 Wall Street
New York, NY 10015

Société Générale
de Banque S.A.
3 Montagne du Parc
Brussels

Société Générale
29 Boulevard Haussmann
75009 Paris

Swiss Bank Corporation
1 Aeschenvorstadt
4002 Basle

Drawn payable per February 15, 1981 the redemption groups nos. 1 and 4.

Amsterdam, December 18, 1981

Trustee for the Noteholders:
Amsterdamsche Trustee's Kantoor B.V.
326-328 N.Z. Voorburgwal
Amsterdam

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Am	Sec	Stk	Issue	Pr.	Md	Pr.	Yield	Am	Security	%	Net	Price	Net	Life	Cur	Am	Security	%	Net	Price	Net	Life	Cur
005-20	Australia							005-20	World Motor Credit	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
005-20	3.9% 1991 Dec							005-20	Ford Motor Credit	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
005-20	U.S. Chemical Corp							005-20	General Motors Accept	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
005-20	1.5% 1988 Jan							005-20	General Motors Accept	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
005-20	1.5% 1988 Jan							005-20	General Motors Accept	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
005-20	1.5% 1988 Jan							005-20	General Motors Accept	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
005-20	1.5% 1988 Jan							005-20	General Motors Accept	8 1/2	28	May	97	14.07	9.58	130	Equi Corp Coal & Steel	7 5/8	27	Jan	74	15.0	18.27
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005-20	1.5% 1988 Jan							005-20															

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For the Week Ending Dec. 24, 1981

For the Week Ending Dec. 24, 1981

Option & price			Calls			Puts			Option & price			Calls			Puts			Option & price			Calls			Puts		
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947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973
974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000

Open Interest 5,277,494
Not Traded 2,494 offered

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(Continued on Page 10)

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S&P Offers Investors Credit Alert

By Kenneth B. Noble

NEW YORK — Corporations have always feared having the credit ratings on their corporate debt lowered. Now Standard & Poor's, the U.S. rating firm, has added a new device for calling attention to a company's potential credit problems.

The rating agency began publication last month of an "early warning" list of companies and governmental units whose bonds and short-term securities are "under special surveillance," although the credit ratings for these debts have not been changed.

The list, known as Creditwatch, is updated weekly and is designed to reflect the impact of such spot developments as takeover attempts and regulatory actions that affect a company's operations and therefore its creditworthiness.

Cautions Grow

"It's a very significant move that might impact the cost of borrowing for some companies and even preclude their access to the credit markets," Donald E. Maude, chief economist for Merrill Lynch, Pierce, Fenner & Smith, said of Creditwatch.

"It's always during these stages of the cycle, the recessionary period, that portfolio managers become extremely cautious about creditworthiness," Maude added. "They don't necessarily have to feel that a company is going to have difficulties, but the mere fact that it might impact the liquidity or the marketability of the issue would tend to make investors reluctant to make commitments."

Standard & Poor's cautions that a Creditwatch listing does not necessarily mean a decline in the credit quality of a company's bonds as a drop in a credit rating would. Only about 50 percent of the ratings under special surveillance might eventually be changed, S&P says, adding that the number of changes has risen steadily in recent years.

By S&P's definitions, bonds rated AAA to A are considered generally excellent investments. Bonds rated BB, B, CCC, and CC are regarded, on balance, as speculative with regard to the issuer's ability to pay interest and principal. BB-rated issues are the least speculative and CC-rated issues the most.

The other major U.S. credit-rating company, Moody's Investors Service, has a rating system similar to S&P's for the thousands of short-term and long-term corporate and municipal bonds and securities issued each year. Moody's does not publish an early warning list similar to S&P's.

Creditwatch reflects a growing public concern over the creditworthiness of companies and municipalities during a period of sharp swings in the nation's economy and in interest rates, and the declining fortunes of some major traditional industries such as automobiles and steel.

So far this year, Standard & Poor's has revised the credit ratings of 196 companies in the corporate sector, with debt ratings of 83 upgraded and 113 downgraded. That is sharply higher than in 1980, when the debt ratings of 144 companies were changed, with 62 upgraded and 82 downgraded.

Of the 45 issuers of debt on the most recent Creditwatch list scheduled for release Monday, the majority — 37 corporate and municipal issuers — face possible downgradings of their credit ratings, S&P said. Included are Ford Motor and the Ford Motor Credit Co.

The other issuers, S&P said, might have their credit ratings upgraded or their situation described as "developing," which means that S&P is seeking more information about the impact on debt of a merger or some other corporate event.

Others on the Creditwatch list that face possible lower ratings include Savin Corp.; Standard Brands Inc.; Mobil Corp.; and Montgomery Ward & Co., a Mobil unit; several insurance and financial companies; the city of Chicago, and the state of Washington.

Byron Klapper, S&P's director of special fixed-income research, attributed the growing number of credit downgradings to the current volatility in the markets. "In the past, bonds used to be something that you bought, put away, and forgot until maturity," he said. "They kind of sat there and hardly fluctuated at all. These days, the ups and downs occur so frequently that fixed-income investors need information almost immediately to base their decisions on."

Earlier this month, for example, Baldwin-United Corp., a Cincinnati financial services concern, agreed to acquire MGIC Investment Corp., the nation's largest private insurer of home mortgages, for \$52 a share, or \$1.2 billion.

Standard & Poor's subsequently added the two companies to its Creditwatch list, explaining that "increased demands on MGIC could arise as a result of being owned by a relatively small and highly leveraged parent."

A spokesman for MGIC said, "I don't think the corporation, over all, is concerned at all — it wasn't unexpected that we would be put in a Creditwatch-type situation, because it is a procedural kind of a matter."

Trade Shifts Soften Impact of U.S. Slump

(Continued from Page 7)

Vries, chief international economist for Morgan Guaranty Trust Co. "This is particularly true for major developing countries like Brazil, Mexico and South Korea, whose debt service burdens have been sharply aggravated by continuing high rates of interest."

As a rule of thumb, economists generally assume that a decline of one percentage point in the London interbank offered rate, the interest rate which governs many loans to developing countries, means a drop in interest payments of \$1 billion. Although rates have firmed recently in the wake of recent volatile movements in the U.S. money supply, the interbank rate has fallen more than 2 percentage points since the end of October, to 14 9/16 percent, some economists expect further declines in January.

"The improvement in interest rates in Europe should have a very positive effect," Mr. Bird said. "The duration of their decline in industrial production has been going on for almost three quarters. Falling interest rates should help reverse that trend."

The dollar's movements have also had an effect. Although the dollar has begun to decline against major currencies such as the Deutsche mark and the yen, on a trade-weighted basis it still remains 17.2 percent above year-ago levels, giving overseas exporters a continued advantage in third-country markets.

"Even if the dollar continues to decline, some exporters, notably the Germans and Japanese, will continue to enjoy a distinct price advantage in third markets," Mrs. Junz said. "That should mute the impact of the American recession somewhat."

A falling dollar should also lead to lower oil bills for major importers, cutting into inflation and easing some pressure on the balance of payments, economists say.

In spite of its limited effects, for the next few months foreign politicians are likely to place much of the blame for their own economic woes on the U.S. recession. Once upon a time, such criticism might have been valid. Now, however, when America catches a cold Europe, no longer develops pneumonia. Rather, as Mrs. Junz noted, "all they need is a dose of Vitamin C."

Mexico and Bankers: The War of Nerves Begins

By Alan Riding

New York Times Service

MEXICO CITY — The sharp deterioration in Mexico's financial situation this year has provoked conflicting responses of delight and nervousness among foreign bankers who have been helping to pay for this country's oil-based economic boom.

There is hope that Mexico will now be obliged to pay increased interest on its loans, becoming a more profitable market for foreign banks. But there is also fear that the Mexican peso may be heading for a major devaluation.

"People don't know whether to smile or to weep," said the representative of a large New York bank. "The government is upbeat, the local business community is upbeat, but the bankers are just holding their breath."

The first question marks were raised over Mexico's accounts when world oil prices began to soften last June. But the alarm bells only sounded late in November, when Finance Minister David Ibarra Muñoz announced an unprecedented \$4.9-billion increase in Mexico's public foreign debt during 1981.

\$48.7-Billion Public Debt
These credits, half of which were unannounced short-term loans, raised the debt to \$48.7 billion and, combined with a further \$15 billion owed by the private sector, placed Mexico on a par with Brazil among the world's most indebted developing countries.

Mr. Ibarra Muñoz further estimated that Mexico's net foreign borrowing next year would be about \$11 billion.

"They're not going to raise that at spreads of only half a percent" over the London interbank offered rate, the New York banker said.

Recently, in fact, a \$500-million Euroloan managed by Chemical Bank was signed in London by Mexico's State Development Bank at five-eighths of a point over Libor, the first clear sign that Mexico is willing to increase bank margins.

"Every year we ask ourselves if there will be enough liquidity to meet Mexico's demands, and every year we seem to find enough," said the representative of another U.S. bank. "This year, if they increase the price to, say, one percentage point over Libor, they'll be able to borrow all they need."

Disturbing Trends
But the government's relationship with foreign banks is only one facet of a financial picture that has darkened noticeably over the past year. Other disturbing trends include:

- The drop in world oil prices has aggravated Mexico's temporary loss of clients following its effort to maintain high prices in mid-1981. This has meant a loss of about \$6 billion in anticipated revenues this year.

- A poor showing by nonoil exports, combined with continuing

high imports, has produced for Mexico a record current account payments deficit of \$10.8 billion this year.

- Several years of high inflation — this year's rate is officially estimated at 29 percent — have weakened the pull of the tourist industry, and the overvalued peso has encouraged Mexicans to travel and buy abroad.

- Fears of a major devaluation

about 2.75 million. Mexico's proven oil and gas reserves stand at 72 billion barrels, and the country is the world's fifth-largest producer. Oil revenues in 1981 should reach \$18 billion.

Last week, Mexico moved to reduce Pemex's dependence on foreign credits by raising domestic oil prices for the first time in five years. The doubling of the price of the most widely used gasoline — to

In the view of both foreign bankers and government economists, however, the government's greatest challenge is to "float" the overvalued peso downward fast enough to avoid the need for a sudden, confidence-shaking devaluation.

Fears of 1976

Yet it must do so without touching off a new flight of capital.

"If they really speed up the float, they might get away with it," a U.S. bank representative argued, "but they're taking a great risk. Sleeping uncertainty could quickly turn into a panic, and they'd soon run out of money and be forced to devalue. But they at least think they can do it."

The dominating specter is a repetition of the large devaluation in August, 1976. In a matter of weeks, the peso fell from 12.50 to the dollar to a record low of 29, later stabilizing at about 22 pesos after Mr. López Portillo took office in December, 1976.

But, over the following four years, as inflation eroded the real value of the peso, the government intervened in a "dirty float," leaving the peso technically free but also taking steps to sustain the Mexican currency. Only this year has the central bank allowed the peso to slip gradually, by about 13

percent, to 26 pesos to the dollar. In 1982, however, officials plan to allow the peso to lose 18 percent to 20 percent of its value through almost daily but, it is hoped, unnoticed, minidevaluations, ending the year with an exchange rate of 30 or 31 pesos to the dollar.

One side effect of this depreciation would be the need to maintain high domestic interest rates, at or above the combined rate of the devaluation and Libor. But the shortage of domestic credit might still force private companies embarked on expansion programs to borrow abroad.

"At the moment, I'm analyzing how my top private-sector clients would be affected by a major devaluation," a foreign banker said, "and, of 35 companies, I think about 6 would go under."

In the current mood of uncertainty, then, neither the public nor the private sectors can expect to find foreign bankers waiting for them with open checkbooks, as they did 12 months ago.

"It's going to be an interesting wrestling match," said a foreign economic analyst. "The bankers are going to play hard to get, with an eye to making more money, but Mexico's Finance Ministry officials also know the banks have no choice but to lend to Mexico, and they're going to hold out for this spread."

"The government is upbeat, the local business community is upbeat and bankers are just holding their breath."

have led to the export of about \$4 billion since June, much of it going into U.S. real estate.

On the positive side, the economy has grown for the fourth successive year, at about 8 percent in 1981, while three million new jobs have been created since 1978, fueling demand for food and manufactured products.

In recent months, the state oil monopoly Petroleros Mexicanos has also recovered the markets it lost last summer. Oil exports are approaching the target of 1.5 million barrels a day, while total production should soon level off at

the equivalent of 87 cents a gallon — should bring in an additional \$3.5 billion to \$4 billion next year.

For next year, the final year of President José López Portillo's administration, the government has announced plans to hold real public spending at 1981 levels and slow the economic growth rate to between 6.5 percent and 7 percent.

"We must concentrate on completing and tuning what we have begun, on avoiding risks which, through excessive audacity, could provoke undesirable problems in the future," Mr. Ibarra Muñoz told Congress on Nov. 25.

CBS, ABC Tune Their Antennae into Cable

By Eric Pace

New York Times Service

NEW YORK — Amid doubts and startup losses, ABC and CBS are embarking on the turbulent waters of cable television programming.

ABC's and CBS's two fledgling cable-television programming services will cost the companies millions of dollars this year.

While acknowledging the uncertainties involved, network executives say they have to act now or risk missing out on the future growth of the burgeoning cable television market, which already includes 28 percent of the 81.5 million U.S. households that have television sets.

ABC Inc., which began its ARTS cultural programming service in April, plans to initiate four additional cable television programming services in the coming months, almost a quarter of the total number of new services planned for next year. More than 40 are already in operation.

CBS Inc., which began its own cultural service, CBS Cable, in October, may possibly form another service, said Jack Willis, a CBS Cable vice president. In addition,

CBS has applied for a franchise to run a local cable system in California.

NBC, a subsidiary of RCA Corp., has yet to take a step into cable, although an NBC vice president, Curt Block, said senior management was thinking of doing so.

These positive attitudes toward cable television represent a switch by network executives, according to Michael D. Drexler, executive vice president for media and programming at Doyle Dane Bernbach.

"For quite some time they were trying to insist that cable was not going to be a big factor," he said. "But as cable has continued to grow, they have come to realize that they have got to protect their flanks and that cable, in conjunction with over-the-air broadcasting, is the wave of the future."

For his part, Frederick S. Pierce, ABC executive vice president, said the company was moving into the new field on so many fronts because "at the pace cable was moving, it was clear that undue indecision could lock us out of the marketplace."

Thus far, the ABC and CBS services have garnered only a handful

of advertisers — and each has been absorbing start-up losses which they refuse to specify in public.

John S. Reidy, media analyst at Drexel Burnham Lambert Inc., estimated that ABC was incurring 1981 operating expenses of \$5 million to \$10 million in connection with its cable television enterprises — all of which are joint undertakings with other companies — and other new-technology activities.

Such outlays, he said, could amount to an additional \$15 million to \$20 million next year. That compares with ABC Inc.'s total earnings, after taxes, which he estimated at about \$150 million for 1981 and more than \$165 million for 1982.

Mr. Reidy said that CBS Cable may cost CBS Inc. more than \$5 million in start-up costs and operating losses in 1981. The company is expected to have after-tax earnings of more than \$180 million for 1981, he said, and Drexel Burnham's projection for 1982 is for profits of more than \$215 million.

At Young & Rubicam, Joseph Ostrow, executive vice president, noted that the advertising revenues of the two services were "not terribly large," adding that their adver-

tising rates were "very high, and there are just too many options in terms of corporate advertising to make them a terrifically attractive alternative."

Mr. Ostrow voiced further reservations over ARTS and CBS Cable not charging a fee to local cable television system operators, who in turn provide the service free to their subscribers. "They are positioned to be totally dependent on advertising as their only revenue source," he said. "That's a problem — it puts all their eggs in one basket."

The Money Maker

And Mr. Reidy observed: "There is still a lot of doubt as to how many advertising-supported cable services there will ever be. So we continue to think the greatest profit potentials lie in pay cable television systems," for which subscribers pay an extra fee.

Network executives said they were not concerned about the prospect that their cable operations would continue to lose money, or the prospect of the operations' competing with existing broadcast activities.

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The Ease of Sleaze

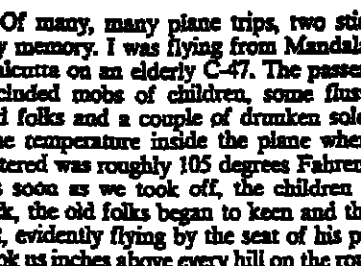


Is there hope for the demise of "cautiously optimistic"? You know what I am.

New York Times Service

A black and white illustration of a steam locomotive pulling a passenger car and a flatcar. The flatcar carries a large, covered boat, likely a ferry or a small ship, which is being transported by rail. The locomotive is emitting smoke from its chimney.

Admittedly, air travel is faster, transatlantic or otherwise. But is speed all? In first class the food is no better than moderate. In what is laughingly called "economy" it is dreadful. The fellow who, when asked by his wife on arriving in New York from California what he had had for dinner, responded "something green, something brown," had it right.



all in all, travel has not improved. I will never know the flavor and delicacy of crossing on one of the Queens or the London night ferry train. If some day I injure up the old QE, as she was in the past, I'll be aboard tomorrow. Those were the best days.

four times the average and can afford such trips, but most Alaskans must stick around. Employment in the state is often seasonal. Work slackens off in the cold, dark winters and leaves Alaskans with even less to keep their minds occupied. Many find the only recreation left is drinking. "All arctic cultures have high alcoholism rates," said

Karen Cantillon, who works for the state's Department of Environmental Conservation in Juneau, acknowledges the effects of what she calls "cabin fever" during the long winter, but there is one useful way to spend the time. "A lot of

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